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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 30 MARCH 2022**

**SUBJECT: REPORT ON THE WORK OF THE INTERNAL AUDIT SECTION IN THE PERIOD FROM 17 FEBRUARY 2022 TO 30 MARCH 2022**

**BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)**

**1. REASON FOR REPORT**

- 1.1 The report advises Committee on the work of the Internal Audit Section for the period from 17 February 2022 to 30 March 2022.
- 1.2 This report is submitted to Committee in terms of Section III (2) and (7) of the Council's Scheme of Administration relating to consideration of reports from the Council's Internal Auditor and monitoring delivery of the audit service carried out by Internal Audit.

**2. RECOMMENDATION**

- 2.1 **That Committee considers and notes the contents of this report.**

**3. BACKGROUND**

- 3.1 This report provides details of the internal audit work concluded during the period 17 February 2022 to 30 March 2022.

**Core Financial Systems – Council Tax**

- 3.2 A review of the Council Tax System has been undertaken. The audit has reviewed the arrangements for billing, collections and refunds. The Council Tax Service administers and collects Council Tax for residential properties in Moray. The Service also administers and collects charges for domestic water and sewerage on behalf of Scottish Water. The Council maintains a database of residential properties and updates it for changes of owners and residents, and also processes applications for exemptions and discounts. The executive summary and recommendations for this project are given in **Appendix 1**.

**Core Financial Systems- Creditor Payments**

- 3.3 A review has been undertaken of creditor payments made within 2021/22. The use of an audit software interrogation system called IDEA was used to randomly select a sample of payments to check. The purpose of the audit was to confirm ongoing compliance with procurement and payment

processing regulations. The audit had regard to the Audit Scotland publication 'Public Sector Counter-Fraud' issued in July 2020. The publication detailed a number of good practice recommendations, including Internal Audit undertaking a review to ensure proper controls are operating regarding segregation of duties, tendering arrangements, authorisation of expenditure, etc. The audit has included these elements within this review. A check was also made for duplicate payments by extracting listings where more than one invoice from a single supplier has been paid for the same amount.

- 3.4 Findings from the testing found no issues of concern regarding the suppliers used, sums paid, authorisations and accounting treatment. It is also considered from the checks undertaken that appropriate controls are operating effectively and the integrity of systems has been maintained.

#### **Departmental Systems – Early Learning and Childcare**

- 3.5 An audit of systems and controls into the financial management of the Early Learning and Childcare Service (ELC) has been undertaken. The Education, Children's and Leisure Services Committee of the 26th of January 2022 requested that Internal Audit provide greater clarity on the final financial position of the Early Learning and Childcare Service for 2022/23.

- 3.6 However, after discussions with Senior Officers, the scope was expanded to include a review of the 2021/22 financial year to determine the reasons for the variance reported between budgeted and actual expenditure. In addition, the reasons for a change in the financial position reported in previous years were also investigated. The executive summary and recommendations for this project are given in **Appendix 2**.

## **4. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcome Improvement Plan (LOIP))**

Internal audit work supports good governance and the delivery of efficient services.

### **(b) Policy and Legal**

No implications.

### **(c) Financial Implications**

No implications directly arising from this report.

### **(d) Risk Implications**

The independent review of selected systems and procedures mitigates the risks associated with inadequate or ineffective control procedures.

### **(e) Staffing Implications**

No implications.

### **(f) Property**

No implications.

### **(g) Equalities/ Socio Economic Impacts**

No implications.

**(h) Climate Change and Biodiversity Impacts**

No implications.

**(i) Consultations**

There have been no direct consultations during the preparation of this report.

**5. CONCLUSION**

**5.1 This report provides Committee with a summary of findings arising from an audit project completed during the review period.**

Author of Report:	Dafydd Lewis, Audit and Risk Manager
Background Papers:	Internal audit files
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