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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 1 SEPTEMBER 2021**

**SUBJECT: THE WORK OF THE INTERNAL AUDIT SECTION IN THE PERIOD  
FROM 1 APRIL 2021 TO 30 JUNE 2021**

**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 1 April 2021 to 30 June 2021.
- 1.2 This report is submitted to Committee in terms of Section III (I) (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 **The Committee is asked to consider and note the contents of the report.**

**3. BACKGROUND**

- 3.1 This report provides details of the internal audit work concluded during the first quarter of 2021/22.

**Departmental Systems – Business Continuity**

- 3.2 An audit review was undertaken of the Council's management arrangements for Business Continuity. Business Continuity Management concerns how the Council identifies and prepares for potential incidents and how the risk is managed to ensure it can continue to deliver essential services in the event of an emergency, or during a disruption of normal day-to-day activities. The audit has found that further development is required regarding the Council's business continuity arrangements. There is a need for plans to be updated, policies and procedures to be reviewed. However, despite the points noted within this audit, essential services have continued to be maintained throughout the Covid19 pandemic demonstrating that continuity in services has been achieved in practice. An Executive Summary and audit action plan showing recommendations made and management responses are provided as **Appendix 1**.

## **Departmental Systems – Petty Cash**

- 3.3 A review was undertaken of the systems and procedures for the administration of petty cash funds. Petty cash is an amount of money held by establishments or services in cash to usually meet minor items of expenditure. Examples include postage, stationery, sundry items, etc. However, during the audit it was noted that petty cash funds are also used in some cases to meet more specific purposes e.g. test purchases within Trading Standards. The audit found examples where improvements are required in the administration of funds and the accuracy of central monitoring records. The Executive Summary and audit action plan for this project are given as **Appendix 2**.

## **Departmental Systems – Public Private Partnership & Design, Build, Finance, Maintain Contracts**

- 3.4 An audit was undertaken of the contractual arrangements for the operation and management of the school buildings at Elgin Academy, Keith Primary School and Elgin High School. This audit was carried forward from last year as the completion of the action plan was delayed due to staffing changes within the service. The construction of Elgin Academy and Keith Primary School was funded through a Public Private Partnership (PPP) scheme, whilst Elgin High School was delivered through a Design, Build, Finance and Maintain (DBFM) type of contract. These reflect the preferred contract delivery models for major capital works supported by the Scottish Government at the time the projects were taken forward. The audit review highlighted no major concerns with payments made in accordance with contract and sound processes in place to support the relationship the council has with the facilities providers. A number of recommendations have been made that should supplement current procedures. A copy of the Executive Summary and the audit action plan for this project are provided as **Appendix 3**.

## **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) 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 audit projects completed during the review period.**

Author of Report:	Dafydd Lewis, Senior Auditor
Background Papers:	Internal audit files
Ref:	DL/asc/10921
	SPMAN-1042990102-70
	SPMAN-1042990102-71
	SPMAN-1042990102-72
	SPMAN-1042990102-73