



REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 27 JUNE 2024

SUBJECT: INTERNAL AUDIT SECTION - UPDATE REPORT

BY: CHIEF INTERNAL AUDITOR

1. REASON FOR REPORT

1.1 Committee is asked to consider the contents of this report; seek clarification on any points noted and otherwise note the report.

2. RECOMMENDATION

2.1 The Audit, Performance and Risk Committee is asked to consider and note this audit update.

3. BACKGROUND

3.1 Public Sector Internal Audit Standards (PSIAS) require the Chief Internal Auditor to prepare and present reports to committee on internal audit's activity relative to the audit plan and on any other relevant matters.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

Internal Audit Staffing Resources

4.1 Further to a Special Meeting of the Moray Council on 28 February 2024 (para 6 of minute refers), it was agreed to reduce the Internal Audit Section staffing budget by replacing the Corporate Investigations Officer's post with a 0.5 full-time equivalent. As assurances are gained from the controls within Council systems used by the Moray Integration Joint Board, I am highlighting my concerns about whether the existing resources of the Internal Audit Section are sufficient to meet the auditing requirements and to support effective counter fraud and corruption arrangements. Despite this reduction in internal audit resources, I intend to use the remaining budget from the reduction of the Corporate Investigations Officer post and additional funding secured to seek the appointment of a full time Assistant Auditor. I hope that appointing an Assistant Auditor can mitigate the risks associated with a reduction in staff resources while still maintaining the delivery of an effective internal audit service. However, members need to be aware this reduction in staff resources

may impact my ability to deliver an effective internal audit function.

Follow Up Reviews

- 4.2 Internal audit reports are regularly presented to members, detailing not only findings but also the responses by management to the recommendations with agreed dates of implementation. Internal Audit will also undertake follow up reviews to evidence the effective implementation of these recommendations. Please see detailed the following completed follow up reviews:

Transformation Programme

- 4.3 An audit was undertaken to review the Council's Improvement and Modernisation Programme. The Improvement and Modernisation Programme (IMP) was established in 2018 to bring transformational change, deliver savings, and provide the basis for a medium to long term financial plan to support financial sustainability in the delivery of services to communities. The management and delivery of projects to provide service improvements are undertaken through a framework detailed within the Project Management Governance Policy. The audit included a review of the governance arrangements around the management, monitoring and reporting arrangements of the IMP, and a check that strategic projects contained within the IMP are administered in accordance with the Project Management Governance Policy. I am therefore pleased to report all recommendations have been implemented. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 1**.

Data Protection

- 4.4 A review was undertaken to ensure compliance with the Data Protection Act 2018. The audit sought evidence to check the awareness of comprehensive training programmes and effective oversight and governance arrangements to monitor ongoing compliance with the Data Protection Act. Findings from the follow up review noted that several recommendations remain outstanding. The Information Governance Service, while implementing the recommendations, found that the volume of work required, in addition to other information management compliance requirements, was significantly greater than initially envisaged. Due to the multi-year timescale of implementing some of the recommendations, it is intended to include the review of review of Data Protection Act in a future audit plan rather than undertaking another follow up review. The Follow Up Report is given in **Appendix 2**.

Information Management

- 4.5 This audit compliments the previous review undertaken regarding the Council's compliance with the Data Protection Regulation. The scope of this Information Management audit was to ensure that appropriate systems exist in the management, security and transfer of data to care providers, including NHS Grampian. Controls in this area are particularly important due to the sensitive nature of much of the information. Findings from the follow up review noted that a number of the recommendations remain outstanding. Implementation of these recommendations is linked to the previous audit, which also highlighted a number of related information management improvements. Due to the volume of work required, there is a need for a multiyear timescale to implement some of the recommendations. It is therefore intended to include a review of Information Management within a future audit plan. The Follow Up Report is given in **Appendix 3**.

Disabled Parking Permit Scheme

- 4.6 A follow up review to evidence implementation of the recommendations contained within an audit report regarding the administrative arrangements of the Disabled Parking Permit Scheme has been completed. Disabled parking permits, also known as blue badges, help people with disabilities or health conditions park closer to their destination. Local authorities are responsible for the day-to-day administration and enforcement of the scheme. However, Transport Scotland has set the framework for the scheme. The audit reviewed the systems and procedures for administering the Disabled Parking Permit Scheme. This has also included the processes for investigating blue badge misuse. It is pleasing to report that all the recommendations detailed within the audit report have been implemented. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 4**.

Debtors

- 4.7 A follow up review has been undertaken to evidence implementation of the recommendations for an audit review of the Debtors System. Invoices are raised for various types of services, e.g. financial contribution for care, trade waste, special uplifts, hire of facilities and rechargeable repairs. The audit scope involved testing to ensure invoices can be evidenced with enough backing documentation to be able to support debt recovery should the need arise; confirming payments had been auto-matched to debtor accounts; receipts without a valid reference have been posted to and cleared from a suspense account on a regular basis; effective monitoring of unpaid invoices are monitored and chased in accordance with debt recovery procedures; collection performance is monitored and reported. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 5**.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan “Partners in Care 2022-2032”

Internal audit work supports good governance and assists in securing appropriate systems of internal control.

(b) Policy and Legal

The internal audit service is provided in terms of paragraph 7:1 of the Local Authority Accounts (Scotland) Regulations 2014, and there is a requirement to provide a service in accordance with published Public Sector Internal Audit Standards.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

Audit reports highlight risk implications and contain recommendations for management to address as a means of mitigating.

(e) Staffing Implications

No implications directly arising from this report.

(f) Property
No implications.

(g) Equalities/ Socio Economic Impacts
No implications.

(h) Climate Change and Biodiversity Impacts
None directly arising from this report.

(i) Directions
None arising directly from this report.

(j) Consultations
There have been no direct consultations during the preparation of this report.

6. CONCLUSION

6.1 This report provides committee with an update on internal audit work progressed in the latest review period.

Author of Report: Dafydd Lewis, Chief Internal Auditor
Background Papers: Internal Audit Files
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