

# Moray Council

## Internal Audit Section

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Appendix 2

### INTERNAL AUDIT REPORT

#### SOCIAL CARE - PROCUREMENT

##### Executive Summary

As part of the annual coverage of core systems, a review was undertaken of payments made to suppliers of goods and services for Social Care. The purpose of the audit was to confirm ongoing compliance with procurement and payment processing regulations during the pandemic period.

Approximately £16 million was paid in the six months to September 2020. Through the use of computer audit software a sample of 30 invoices was selected for audit with a total value of £737,000. However, many of these invoices were for recurring monthly or quarterly service provision, effectively increasing the value of expenditure falling within the scope of the review to £2.88 million. The process reviewed the randomly selected invoices and also sampled high value invoices which by definition are potentially higher risk. The audit work also involved a separate exercise of extracting multiple invoices with the same value as a check for duplicate payments.

The audit had regard to the Audit Scotland publication 'Public Sector Counter-Fraud' issued in July 2020. The publication provides examples of potential fraud indicators within procurement which can be used to inform the audit programme and highlight the need for additional testing. Red flags include bid manipulation, lack of segregation of duties and single tender award. Recent Audit Scotland publications on additional risks emerging due to the Covid-19 pandemic have also been considered in undertaking the verification work. The audit was carried out in accordance with the Public Sector Internal Audit Standards (PSIAS).

The audit testing work which was possible to complete identified no issues of concern in terms of contracted suppliers used, sums paid, authorisations and accounting treatment. It is considered from the checks undertaken, that appropriate controls are operating effectively and the integrity of systems has been maintained. This is a positive outcome given the introduction of remote working and changes to processing practices required as a result of response to the pandemic.

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However, supporting information for a small number of sampled payments was not available for audit, despite repeated requests being made. These payments mainly covered invoices from suppliers of commissioned services. Internal audit previously carried out some work on Learning Disabilities commissioning when it was reported that there was more work required to update service contracts to better align these with current policy and service user needs. While it was noted that work on commissioning has been restricted during the period of the pandemic, it is hoped that some impetus can be given to reinvigorating the commissioning process when resources can be made available to undertake this task. Progress on this will be monitored and further work scheduled through the audit planning process.