

## Appendix 1

### MORAY COUNCIL

#### INTERNAL AUDIT SERVICE

#### INTERNAL AUDIT ACTIVITY COMPLETED AND PROGRESSED FOR FINANCIAL YEAR ENDING 31 MARCH 2021

<b>WORK PROGRESSED</b>		
<b>Area</b>	<b>Type of coverage</b>	<b>Progress</b>
Procurement and Creditor Payments	Sample testing of expenditure (non-payroll) to assess and ensure compliance with regulations.	Completed with summary of findings prepared - see Appendix 2.
Payroll	Testing of sample transactions to ensure integrity of this main payment system.	Completed with summary of findings prepared – see Appendix 3.
Covid 19 –business support grants - applications	Assisting with the initial processing of grant applications from businesses.	Completed – pandemic support - no report operational issue.
Covid 19 –business support grants - appeals	Consideration and determination of appeals lodged by unsuccessful applicants.	Completed – pandemic support - no report – 30 plus appeals were determined.
Personal Protective Equipment	A review of procurement /sourcing and costs of PPE, stock control and contingency planning looking forward.	Completed with summary of findings submitted to Committee – February 2021.
Flexible Food Fund	Audit of the arrangements for allocation of monies from the Flexible Food Fund	Completed with summary of findings prepared and submitted to Committee – February 2021.
Contractor Sustainability payments	Review to ensure compliance with regulations for funding awarded to council suppliers and contractors whose business model was severely impacted by lockdown	Completed with summary of findings prepared and submitted to Committee- February 2021.

Environmental Services – Grant Claims	Certification of grant claim for bus service operators' grant for six month period to 30 September 2020	Transport Scotland paid grant based on prior year claim because of the pandemic –no verification of claim required
<b>PLANNED WORK PAUSED</b>		
Environmental Services - Public Transport Unit	This audit was selected given issues re the retendering of school transport contracts; now overtaken by events. Deferred for further consideration until 2021/22 year	As noted changing circumstances delayed audit – to be reviewed in due course when workloads are more settled.
Cyber Security	Scheduled for completion during quarter 4 of 2020/21	Now scheduled in 2021/22 plan.
Corporate Services - ICT - Hardware Asset Management	This review remains valid given the large volume of new hardware being acquired to facilitate the expansion of homeworking –still to be scheduled at time of drafting this report.	Meantime still deferred noting that changes in working practices may impact on the scope of the review e.g. increased homeworking
Education and Social Care - Pupil Equity Fund (PEF) in Schools	Deferred given further lockdown implications; will be considered for future audit plan.	A prior audit of PEF soon after it was introduced noted a slow start in utilising the funding hence the plan to revisit – scope of the audit is likely to change as national priorities to address inequalities and consequences thereof are addressed. This information will be awaited before further audit work is scheduled.
<b>PROJECTS SCHEDULED</b>		
National Fraud Initiative	This exercise that the council participates in every two years has added significance with fraud risk elevated and additional data sets (including those for COVID grants) under consideration. Data submissions have been made and matches will be	Good progress has been made. Despite a large volume of data matches again being received, most are readily explained e.g. a recent change of address or similar. The matched data for COVID grants has still to be received;

	made available to the council for checking during Quarter 4. This exercise gives additional assurances on the accuracy of many different council databases.	this has been delayed and Audit Scotland and the NFI are working on this at the time of drafting this report. Timely cancellation of blue badges no longer required remains a problem and while there is no indication these badges are being widely abused this issue will require to be addressed.
Performance Management	There is a need to validate the accuracy of published performance indicators and a sample of these will be checked for accuracy	Not progressed due to workload issues. The central team dealing with Performance Management recording is in the process of bringing reporting up to date - how the information is to be validated has yet to be agreed
ALEO-Moray Leisure	An overview exercise will be undertaken to audit the ongoing relationship and support the council makes available to the Moray Leisure Centre	Initial work completed to provide an updated position of the contractual arrangement between the council and the leisure centre. This will inform future audit plans.
Risk Management	Development of processes- while the risks to the council are widely known there is a requirement to develop recording and reporting practices. A project plan will be prepared to facilitate this.	Work was completed to support the CMT with the update of the corporate risk register but there is more to be done including the acquisition of software to aid presentation of risk information.
Health and Safety	High level overview to assess how the service is addressing additional risks associated with the pandemic.	Not progressed
Property Costs – Schools	A desk top review of costs incurred in the maintenance of school buildings.	Although ledger costs under this heading exceeded £1.3m, more than three quarters of the total covered payments of rates and the remainder

		<p>was for energy costs, minor repairs and cleaning costs. Compared with budgets rates and energy costs were down against budget due to reliefs and school closures respectively Cleaning costs were up due to enhanced cleaning routines. No issues noted from this high level review so concluded as satisfactory.</p>
School Funds	Desktop review of annual returns	<p>There have been delays in securing returns from some schools – while schools have had other priorities, the volume of transactions through the funds reduced during the period of school closures. Education management have re-issued school fund guidelines updated by Internal Audit with procedures on using on-line banking to all schools within the past month. This should act as a reminder for schools to progress the preparation of annual school fund statements that are required after the end of summer term.</p>
Housing DLO	Overview of sub-contractor costs	Carried into audit plan for 2021/22
Year-end processes	Contingent on circumstances applying as at 31 March	<p>Socially distanced audits were completed sufficient to secure valuations of stocks held across council depots for year-end accounting purposes. Opportunities to consolidate stores are under consideration in Housing and Property.</p>

<b>PENDING ITEMS</b>		
Audit of PPP /DBFM – operational phase of school contracts	Some progress has been made with officers involved agreeing responses to recommendations made in the audit action plan.	The final report will need to be considered by Senior Management and should be available for submission to the next meeting of this Committee
Audit of Social Care Adaptations	Adaptations had been paused during lockdown leading to delays and increasing backlogs The adaptations governance group was scheduled to sign off the recommendations made in the audit but this has still to happen at the date of drafting this report	Progress will continue to be monitored