



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 23 NOVEMBER 2022

SUBJECT: INTERNAL AUDIT SECTION – UPDATE REPORT

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

1. REASON FOR REPORT

- 1.1 The report provides Committee with an update on the work of the Internal Audit Section.
- 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 **Committee is asked to consider the contents of this report, seek clarification on any points noted and otherwise note the report.**

3. BACKGROUND

- 3.1 Public Sector Internal Audit Standards requires the Audit and Risk Manager to prepare and present reports to committee on Internal Audit's activity and performance relative to its Audit Plan, and any other relevant matters.
- 3.2 This report provides an update on audit activity and projects progressed since the last meeting.

4. UPDATE OF PROGRESS AGAINST THE 2022/23 AUDIT PLAN

Audit Plan Update

- 4.1 The Internal Audit Plan is a means of determining the priorities of the internal audit activity and how these fit with the wider goals of the Council. Enclosed in **Appendix 1** is an update on the progress undertaken by the Internal Audit Service regarding the completion of audit review projects against the Annual Audit Plan.

4.2 In addition to the requirement for completing projects detailed within the Annual Audit Plan, a review has also been undertaken of the Grampian Valuation Joint Board. Internal Audit is required to provide annual assurances on the main financial systems operated for payroll, payments and income from funding requisitions from the constituent authorities and other sources. The Joint Board's systems align with those of the Council but require annual review and testing in order to provide assurances for the separate annual financial statements the Board is required to prepare and publish. It is pleasing to report that based on the audit work completed, that reasonable assurance can be placed on the adequacy and effectiveness of the system of internal financial control established within the Assessor's Service.

Unplanned Audit

4.3 The Building Services Manager contacted the Internal Audit Section to request a review of the overtime claims made by two officers within Building Services. The investigation concerned the overtime paid to these officers and whether the individuals had actually undertaken the work claimed.

4.4 The audit reviewed a sample period of the overtime time claimed and a check made to supporting documentation, including the vehicle tracking system. Significant variances were found between the overtime claimed and the actual hours worked. The findings of this investigation have been reported to the Building Services Manager. An overview of the systems and practices to authorise overtime payments within Building Services will be undertaken as part of a planned maintenance review already agreed within the Audit Plan for 2022/23.

Follow Up Reviews

4.5 Internal Audit reports are regularly presented to elected members detailing not only findings but also the responses by management to the recommendations with agreed dates of implementation. Internal Audit undertakes follow-up reviews to evidence the effective implementation of these recommendations. It is now intended to report these follow-up reports to the Audit and Scrutiny Committee. The Status / Explanation column within the report records the Auditor's review in verifying implementation of the recommendations. Please see detailed the following completed follow-up review:

Petty Cash

4.6 An audit of the systems and procedures for administering petty cash funds was undertaken. 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. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 2**.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

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

(b) Policy and Legal

No implications directly arising from this report.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

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

(e) Staffing Implications

No implications directly arising from this report..

(f) Property

No implications directly arising from this report.

(g) Equalities/Socio Economic Impact

No implications directly arising from this report

(h) Climate Change and Biodiversity Impacts

No implications.

(i) 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 Audit and Risk Manager
Background Papers: Internal Audit files
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