

Agenda Item	4
Report No	AS/12/23

THE HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 28th September 2023

Report Title: Internal Audit Reviews and Progress Report –02/06/2023–08/09/23

Report By: Strategic Lead (Corporate Audit & Performance)

1. Purpose/Executive Summary

- 1.1 This report provides details of the work undertaken by the Internal Audit section since the last report to Committee in June 2023.

2. Recommendations

- 2.1 Members are asked to:
- i. consider the Final Reports referred to in Section 4.1 of the report;
 - ii. note the current work of the Internal Audit Section outlined at sections 5 and 6, and the status of work in progress detailed at Appendix 1.

3. Implications

- 3.1 Legal – See reference to legal obligations in the climate change plans and implementation audit report.
- 3.2 Climate Change / Carbon Clever – See climate change plans and implementation audit report.
- 3.3 Risk - the risks and any associated system or control weaknesses identified as a result of audit work or corporate fraud investigations will be reviewed and recommendations made for improvement.
- 3.4 There are no Resource, Community (Equality, Poverty, Rural and Island), Health and Safety or Gaelic implications.

4. Audit Reports

4.1 There have been **6** final reports issued during this period as detailed in the table below:

Service Directorate	Subject	Opinion
Infrastructure & Environment	Winter Maintenance Payments	Substantial Assurance
Resources and Finance	Control and usage of imprests	Reasonable Assurance
Resources and Finance	Procurement Fraud Controls	Substantial Assurance
Deputy Chief Executive's	Transformation Programme	Substantial Assurance
Deputy Chief Executive's	Inverness and Highland City Region Deal	Substantial Assurance
Deputy Chief Executive's	Climate Change Plans and Implementation	Limited Assurance

Each report contains an audit opinion based upon the work performed in respect of the subject under review. The five audit opinions are set out as follows:

- (i) Full Assurance: There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
- (ii) Substantial Assurance: While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
- (iii) Reasonable Assurance: Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
- (iv) Limited Assurance: Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.
- (v) No Assurance: Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

5. Internal Audit work in progress

5.1 Details of the current audits in progress and their current status is provided at Appendix 1. Further planned work for the rest of the year is detailed in a separate item for Committee approval.

6. Other Work

6.1 The Section has been involved in a variety of other work during the period which is summarised below:

(i) Audits for other Boards, Committees and Organisations

Audit work has been undertaken during this period for the Pension Fund which will be reported to the Pensions Board and Committee, and High Life Highland which will be reported to their Finance and Audit Committee.

(ii) Corporate Fraud, Whistleblowing concerns and other investigations activity

The Single Point of Contact (SPOC) work is an ongoing commitment providing information to Police Scotland and the Department of Work and Pensions. An allowance of time for these commitments is made within the Audit Plan each year.

Ongoing activities include:

- An investigation which resulted from a whistleblowing report is nearing completion and an investigation report is being drafted for issue to management.
- Investigation and reporting of matches from the National Fraud Initiative 2022 exercise.

Other work undertaken during this period has included seeking confirmation on improved security measures following the theft of fuel.

Where active fraud and whistleblowing investigations are in progress, no further information can be provided in order to prevent these being compromised. However, once the investigations have been completed including any associated disciplinary/legal action where relevant, the system weaknesses reports will be provided to Committee to scrutinise.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 18 September 2023

Author: Jason Thurlbeck Corporate Audit Manager

Background Papers: N/A

Appendices: Appendix 1 Internal Audits in progress

Appendix 1 Internal Audits in progress

Service	Audit Subject	Priority	Planned Days	Current Status
Communities & Place	HCP05/002.bf - Waste Management Income Systems	Medium	13	Fieldwork completed
Education & Learning	HEL03/001.bf - Review of financial arrangements in Schools	Medium/ High	30	Fieldwork in progress
Education & Learning	HEL07/002.bf.bf - ICT arrangements in schools	Medium/ High	19	Fieldwork in progress
Infrastructure, Environment & Economy	HIE04/002.bf - Review of roads maintenance	High	28	Fieldwork in progress
Performance & Governance/ Corporate	HPG11/001.bf - Verification of Statutory Performance Indicators	Low	15	Fieldwork in progress
Performance & Governance	HPG15/001.bf - Gaelic Language Plan	Medium	15	Being Planned
Property & Housing	HPH11/002.bf - Corporate Landlord Model	High	21	Fieldwork in progress
Property & Housing	HPH11/003.bf - Cessation of utility costs	Medium	20	Being Planned
Resources & Finance	HRF04/001 - Cheque control arrangements	High	20	Being Planned
Resources & Finance	HRF15/002.bf - Review of the use and control of imprests in HSC establishments	Medium	25	Fieldwork completed