

Agenda Item	3
Report No	AC/20/23

THE HIGHLAND COUNCIL

Committee: Audit Committee

Date: 30th November 2023

Report Title: Internal Audit Reviews and Progress Report –08/09/2023–16/11/23

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 September 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 Resources – a member of the audit team has recently accepted an alternative employment offer – this may impact the delivery of audit work on the audit plan.

3.2 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.

3.3 There are no Legal, Climate Change / Carbon Clever, Community (Equality, Poverty, Rural and Island), Health and Safety or Gaelic implications.

4. Internal Audit Reports

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

Service Directorate	Subject	Opinion
Education and Learning Service	Secondary School	Reasonable Assurance
Health and Social Care	Review of the control and usage of imprests and other cash in Health and Social Care Establishments	Reasonable 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**. The 2023/24 Internal Audit Plan was approved at the September Committee meeting. Reflecting the recent plan approval, a substantive proportion of the work in progress is currently at the planning stage.

A member of the team has tendered their resignation as they have obtained another post outside the Council. They will be leaving in mid-December which result in slightly less resources available to complete the audit plan than anticipated. However, the plan does have an allowance of contingency time and the audits work undertaken will be prioritised to ensure that those with the highest risk ratings are completed first.

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 is being undertaken during this period for the Valuation Joint Board and for High Life Highland which will be reported to the respective Committees in due course.

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. This work assists the Police in investigating potential crimes and in making our communities safer. 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 completed and an investigation report is being drafted for issue to management.
- Carrying out Tenancy Fraud Investigations.
- Investigation and reporting of matches from the National Fraud Initiative 2022 exercise.

Other work undertaken during this period has included advising on improved security measures following a theft of fuel from a Council location.

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: 17 November 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 - Waste Management Income Systems	Medium	13	Report being drafted
Communities & Place	HCP22/001 - Efficiency of debt recovery arrangements	Medium/High	20	Fieldwork in progress
Communities & Place/ Performance & Governance	HCP15/001 - Common Good Fund Asset Registers	Medium/High	30	Being Planned
Deputy Chief Executive	HDX03/004 - IT asset registers	Medium/High	20	Being Planned
Deputy Chief Executive	HDX03/003 - Procurement of ICT cloud hosted systems	Medium/High	20	Being Planned
Education & Learning	HEL07/002 - ICT arrangements in schools	Medium/ High	19	Draft report issued
Education & Learning	HEL02/001 - Review of financial arrangements in Primary Schools	Medium/ High	30	Being Planned
Education & Learning	HEL03/001 - Review of financial arrangements in Schools	Medium/ High	30	Fieldwork completed
Infrastructure, Environment & Economy	HIE04/002 - Review of roads maintenance	High	28	Fieldwork in progress
Infrastructure, Environment & Economy	HIE18/004 - Community Regeneration Fund	Medium/High	25	Being Planned
Infrastructure, Environment & Economy	HIE06/002 - In-house bus operation income systems	Medium	25	Being Planned
Performance & Governance	HPG15/001 - Gaelic Language Plan	Medium	15	Being Planned
Performance & Governance	HPG13/002 - Business Continuity Planning	Medium/High	30	Being Planned
Performance & Governance/ Corporate	HPG11/001 - Verification of Statutory Performance Indicators	Low	15	Fieldwork in progress
Property & Housing	HPH11/002 - Corporate Landlord Model	High	21	Fieldwork complete
Property & Housing	HPH11/003 - Cessation of utility costs	Medium	20	Fieldwork in progress
Resources & Finance	HRF12/002 - Review of payroll control environment	High	30	Fieldwork in progress
Resources & Finance	HRF30/006 - Workforce planning arrangements	High	30	Being Planned

Service	Audit Subject	Priority	Planned Days	Current Status
Resources & Finance	HRF04/001 - Cheque control arrangements	High	20	Being Planned
Resources & Finance	HRF40/005 - Procurement arrangements and governance	High	30	Being Planned
Resources & Finance	HRF33/004 - Review of Health and Safety arrangements	Medium/High	20	Being Planned