

Agenda Item	4
Report No	AS/6/21

## THE HIGHLAND COUNCIL

**Committee:** Audit & Scrutiny Committee

**Date:** 17<sup>th</sup> June 2021

**Report Title:** Internal Audit Reviews and Progress Report – 20/03/21 – 04/06/21

**Report By:** Corporate Audit Manager

### 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 March 2021.

### 2. Recommendations

- 2.1 Members are asked to note the current work of the Internal Audit Section outlined at section 5 of the report and the final position of progress against the 2020/21 audit plan at **Appendix 1**.

### 3. Implications

- 3.1 Risk – the risks and any associated system or control weaknesses identified as a result of any corporate fraud investigations will be reviewed and recommendations made for improvement.
- 3.2 There are no Resource, Legal, Community (Equality, Poverty, Rural and Island), Climate Change / Carbon Clever or Gaelic implications

#### **4. Audit Reports**

4.1 There have been no final reports issued during this period.

#### **5. Other Work**

5.1 The Section has been involved in a variety of other work which is summarised below:

(i) Audits for other Boards, Committees or Organisations

Audit work has been undertaken for the Valuation Joint Board and the Pension Fund during this period. This includes provision of the Annual Governance Statements which has also been undertaken for the Highlands and Islands Transport Partnership.

(ii) Other audit work

Work has also been undertaken to provide the necessary information for the Council's Annual Governance Statement.

(iii) Corporate Fraud and other investigations activity

The Single Point of Contact (SPOC) work continues to be busy with significant time providing information to Police Scotland and the Department of Work and Pensions now that benefit investigations have recommenced.

Following on from the last Committee update, prevention checks for business grant applications is continuing and assistance will continue to be provided as necessary. This joint working is successfully preventing the payment of fraudulent grant applications.

(iv) Whistleblowing reports

During the year, the whistleblowing policy was revised and responsibility for investigating whistleblowing concerns passed to the Section. During this period up to 31/03/21 a total of 3 concerns have been received and the status of these are as follows:

- (1) 1 matter relating to an ongoing grievance is outside the scope of the policy. The individual was informed of the correct course of action.
- (2) 1 investigation relating to health and safety concerns is nearing conclusion.
- (3) 1 matter alleging malpractice is presently on hold until a separate disciplinary investigation is completed.

Any areas for improvement or where weaknesses as a result of whistleblowing investigations will be addressed in the normal manner by way of an audit report and presented to Committee for scrutiny.

#### **6. Progress against the 2020/21 audit plan**

6.1 **Appendix 1** gives details of the final position of progress against the audit plan. There are 2 audits which will be cancelled; the audit of Commercial and Procurement Services as there is other procurement activity to be audited plus there is an ongoing transformation project and the review of the arrangements for the funding to External and Third Sector Organisations which has been replaced by a new audit of commissioned children's services. All other audits have been completed or carried forward into the 2021/22 plan as work in progress or to be undertaken at a future date.

6.2 Performance information for quarters 1 - 4 of 2020/21 is provided below:

Category	Performance Indicator	Target	2020/21 actuals			
			Q1	Q2	Q3	Q4
Quality						
Client Feedback	(i) % satisfaction from individual audit engagements expressed through Client Audit Questionnaires (CAQ)	<b>75</b>	74	90	92	*
	(ii) % of Client Audit Questionnaires returned	<b>70</b>	100	100	33	0
Business Processes						
Timeliness of Final Report	(i) % of draft reports responded to by client within 20 days of issue	<b>85</b>	50	0	80	100
	(ii) % of final reports issued within 10 days of receipt of management response	<b>90</b>	100	100	100	100

\* No responses received to 2 CAQ's issued.

Designation: Corporate Audit Manager

Date: 7<sup>th</sup> June 2021

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**Progress against 2020/21 Plan****Appendix 1**

<b>Service</b>	<b>Audit Ref and Name</b>	<b>Audit Scope</b>	<b>Audit Type</b>	<b>Planned Days</b>	<b>Status/ Comments</b>
Chief Executive (now Performance & Governance)	HCX02/001 - Review of Resilience Arrangements	Review of resilience arrangements operating within the Council including business continuity and emergency planning. Now includes lessons learned post Covid-19.	Strategic Risk	30	Work being split due to ongoing response to pandemic.
Communities & Place	HCC03/005.bf.bf - Fleet Management arrangements	Review of the fleet management arrangements to ensure that these accord with the requirements of the Councils operator's licence. This will also include review of the Tranman system.	Operational Risk	5	Report being drafted
Education & Learning	HEL07/001 - Workforce Planning and Staffing Arrangements - Education	Review of primary recruitment probationer allocations, job sizing processes and processing of changes to staff terms and conditions.	Operational Risk	6	Final report issued
Education & Learning	HAB02/001.bf - Review of the systems for the payment of relief and temporary school staff	Review of process for the submission of hours claimed using payroll forms to ensure that this is appropriate and appropriate controls are exercised over claims. Also to ensure that these are used for the correct groups of staff and cannot be used to bypass the system for the management of vacancies.	Strategic Risk	17	Final report issued

<b>Service</b>	<b>Audit Ref and Name</b>	<b>Audit Scope</b>	<b>Audit Type</b>	<b>Planned Days</b>	<b>Status/ Comments</b>
Infrastructure & Environment	HCC02/002.bf - Car Parks	Review of car park arrangements across the Council including deployment of staff, income systems and parking enforcement arrangements.	Operational Risk	1	Final report issued
Infrastructure & Environment	HEB03/002.bf - Review of flood prevention capital projects	Review of the project management arrangements in place in respect of selected Flood Team projects and that these comply with relevant project governance guidance and procedures.	Contract Audit	17	Final report issued
Property & Housing	HEC05/001.bf - Collection of school meals income	Review of the arrangements for the collection of school meals income to ensure that this is operating as efficiently as possible. This will also include review of the arrangements for the effective management of debt.	Operational Risk	3	Final report issued
Resources & Finance	HDA08/015.bf - Pension Fund Contributions	Review of the arrangements for the admission of members to the Fund and collection of contributions. Also, there are appropriate controls over fund transfers to ensure these are calculated accurately and processed promptly.	Operational Risk	10	Final report issued

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Resources & Finance	HDA16/002.bf - Review of purchase to pay arrangements	Corporate review of the arrangements for the purchasing and payment of goods and services to ensure that appropriate controls are in place. This links with budgetary control arrangements and consideration of the roles and responsibilities of budget holders in approving expenditure, and monitoring and control of their budgets.	Main Financial System	22	Draft report issued
Resources & Finance	HDA16/003.bf - Procurement	Review of significant areas of expenditure to ensure that contract suppliers are in place and are used as appropriate.	Main Financial System	18	TOR issued
Resources & Finance	HDD04/004.bf - Cyber Security	Review of the Council's Cyber Security arrangements to ensure that these are appropriate and effective. This will also include review of the service's incidence response arrangements.  Review of the risks arising from Covid-19 and staff homeworking and what controls were put in place to manage or mitigate these.	Strategic Risk	38	Fieldwork in progress
Resources & Finance	HDD04/005.bf - ICT Contract Management Arrangements	Review of the arrangements for the management of the ICT contract with Wipro to ensure that these are working effectively.	Strategic Risk	1	Final report issued

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Performance & Governance	HPG06/001 - Governance of Arms Length External Organisations and Partnerships	Review of the arrangements for the effective governance of ALEOs and partnerships to ensure that these are working as effectively as possible and there is clarity over roles and responsibilities with no duplication by different organisations.	Corporate Governance	25	Being planned
Performance & Governance	HPG09/001 - Compliance with the General Data Protection Regulations	Review of the arrangements across the Council for compliance with the General Data Protection Regulations (GDPR).	Operational Risk	20	Fieldwork in progress
Resources & Finance	HRF01/001 - Review of financial management and reporting	High level review of the Council's financial management arrangements.	Main Financial System	20	Fieldwork in progress
Resources & Finance	HRF05/001 - Pension Fund Investments	Review of the arrangements in place for Pension Fund investments.	Operational Risk	15	TOR issued
Resources & Finance	HRF08/002 - Pension Fund Annual Governance Assurance Statement 2019-20	Allowance of time for work associated with producing the annual audit opinion and annual Governance Assurance Statement (AGS).	Corporate Governance	3	Work completed.
Resources & Finance	HRF16/001 - HC Annual Governance Statement 2019-20	Allowance for work to be undertaken in order to support the annual audit opinion and Annual Governance Statement within the annual accounts.	Corporate Governance	7	Work completed.

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Resources & Finance	HRF22/001 - Review of CT and NDR discounts and exemptions	Review of the systems for the award of discounts and exemptions to ensure these comply with the relevant legislation or Council policies. Ensure that these are regularly reviewed to ensure that ongoing awards are still valid.	Main Financial System	25	Fieldwork in progress
Resources & Finance	HRF30/001 - Review of workforce planning arrangements	Corporate review of workforce planning arrangements across the Council.	Strategic Risk	30	Not started
Resources & Finance	HRF30/002 - Review of Absence Management Arrangements (follow-up)	Follow-up review to ensure that the management agreed actions from the previous audit of absence management arrangements (ref HDD01/005) have been satisfactorily implemented.	Follow-up	15	Not started
Resources & Finance	HRF30/003 - Review of Human Resources Arrangements	Review of HR arrangements including policies and procedures and whether these are fit for purpose.	Operational Risk	20	Being planned.
Resources & Finance	HRF30/004 - Review of recruitment process for ECO Education & Learning	Review of the process for the recruitment and appointment of a Consultant as the Interim ECO for Education & Learning.	Unplanned audit	10	Final report issued



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Resources & Finance	HRF40/001 - Commercial and Procurement Services	Review of supply chain arrangements particularly what has been learned from Covid-19.	Strategic Risk	20	Audit cancelled.
Transformation & Economy (Economy)	HAC03/002.bf - Review of the arrangements for the funding to External and Third Sector Organisations	Review of the arrangements for the funding and payment to organisations to ensure this is undertaken in a consistent manner. Also, that any arrangements accord with Council policies including the single grants process, procurement requirements and Following the Public Pound guidance.	Operational Risk	21	Audit cancelled and replaced by new review in 2021/22 plan.
Transformation & Economy (Transformation)	HTE04/001 - Review of Transformation Programme Outcomes	Review of the Transformation Programme to date to ensure that the planned outcomes have already or are on course to be achieved. This will also include consideration of the process to ensure that any redesign recommendations and commercial opportunities identified have been implemented and followed through.	Strategic Risk	30	Scope changed to focus on Council's approach to recovery.
Transformation & Economy (Economy)	HTE05/001 - Leader Programme 2019-20	Annual review of the administration of the Programme to ensure that the Service Level Agreement (SLA) with the Scottish Government is complied with and all activity accords with the relevant policies and procedures.	Operational Risk	25	Final report issued

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Transformation & Economy (Economy)	HTE05/003 - Review of Covid-19 business grants	Review of the processes followed for the award of grants to businesses to ensure that these were in accordance with the Scottish Government's guidance and these contained appropriate controls.	Operational Risk	20	Final report issued