

Report to:	MSMTM
Report by:	Kim Berry, Finance and Administration Manager (FAM)
Meeting Date:	27 March 2024
Subject/ Title: (and VC no)	Internal Audit – Overall Financial Controls (VC204951)
Attached Papers (title and VC no)	Internal Audit – Internal Audit Report 2023-24, Overall Financial Controls (VC204459)

Purpose of report

1. The purpose of this Committee Report (CR) is to ask the Senior Management Team (SMT) to formally acknowledge receipt of the Internal Audit Report – Overall Financial Controls and the recommended management actions.

Recommendation and actions

2. I recommend the following:
 - (i) the SMT formally acknowledge receipt of the Internal Audit Report – Overall Financial Controls (the Report) and the findings set out in the Report
 - (ii) the SMT note the Detailed Recommendation and Management Response set out in the Report
 - (iii) the Report is shared with the Advisory Audit Board (AAB) following the MSMTM – as requested by the AAB
 - (iv) this CR is published in full but the Report is not published for the reasons set out in paragraph 15

Executive summary

3. Our internal auditor, Wylie Bisset, reviewed the effectiveness of our Financial Controls and has submitted their Report to us.
4. The Report concludes:
 - the financial processes are well documented and supported by up to date policies and procedures
 - financial processes are being followed
 - that segregation of duties is in place
 - the Commissioner and Senior Management Team are provided with timely updates of the Commissioners financial position
 - that Wylie Bisset can provide a strong level of assurance surrounding the processes in place for overall financial controls.
5. One low level improvement action has been identified in respect of bank reconciliations. Whilst bank reconciliations take place and reconciled, there is no evidence showing the members of staff who prepared and approved the reconciliation. The internal auditor is of

the view that evidencing who has prepared and approved the bank reconciliation and when this occurred will further strengthen the financial processes.

6. The Action to address the recommendation made by Wylie Bisset to update the Finance Processing Procedures to include an approval process for bank reconciliation will be carried out by myself as responsible manager for the Finance Processing Procedures and the Head of Corporate Services as the approver. The action due date is 1 April 2024.

Risk impact

7. The risk of not having in place and monitoring effective and robust governance arrangements is mitigated by the maintenance and implementation of an internal audit plan and the engagement of an internal auditor or an appropriate expert to carry out the planned audits.
8. The internal auditor did not identify any high-risk weaknesses.

Equalities impact

9. There is no direct equalities impact arising from the report.

Privacy impact

10. There are no direct privacy implications arising from this report.

Resources impact

11. The internal audits to be carried out in each financial year are reflected within the annual Operational Plan so that the resources impact is taken into account.

Operational/ strategic plan impact

12. The internal audits for each financial year take account of strategic risks and are reflected within the annual Operational Plan.

Records management impact (including any key documents actions)

13. None.

Consultation and Communication

14. MSMTM minute.

Publication

15. This CR can be published in full but the Report is withheld on the basis that the exemption(s) in Sections 30(b)(ii) of the Freedom of Information (Scotland) Act 2002 would apply if a request were, at this stage, to be made for the information.