

Core financial system review of budgetary control

Committee Audit and Standards

Date of meeting 18 February 2022

Date of report 2 February 2022

Report by Director of Finance & Corporate Support

1. Object of report

To advise the committee on the findings of a core financial system review of budgetary control. This engagement was included in the annual Internal Audit plan 2021/2022.

2. Background

The Financial Regulations and the Scheme of Delegated Functions provide guidance and define responsibilities that apply to all employees who manage budgets.

Finance staff provide financial advice, support and accounting services to support budget holders to meet service delivery objectives. These services are undertaken in compliance with statutory and professional requirements and with due regard to legislation, accounting standards, and the Financial Regulations.

Budgetary control arrangements in recent financial years has and continues to be challenging as a result of the pandemic, due to uncertainty over patronage numbers, income streams, and other funding sources.

The objective of this engagement was to assess and evaluate the procedures and controls in place in relation to the core financial system for budgetary control.

This engagement tested elements of the internal controls and mitigation against SPT 1: Potential Capital funding allocation not matched to programme demands, SPT 5: Potential Reduced future Local Authority budget settlements, SPT 11: Current economic conditions adversely impact on SPT's operational income and return on cash reserves; and SPT22: Governance arrangements as identified in the Corporate Risk register.

3. Outline of findings

Engagement testing (December 2021) found that the budget setting and budgetary control process is well established. Budget holders, senior management and elected members receive regular Capital and Revenue budget monitoring reports throughout the year.

Engagement testing found that training has been delivered to budget holders.

4. Conclusions

The Audit and Assurance team has undertaken a core financial systems review of budgetary control, and identified that key controls exist and are applied consistently and effectively in most areas covered in this engagement.

Sound assurance in most areas can be taken from this engagement.

5. Committee action

The committee is asked to note the contents of this report.

6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

Name Neil Wylie

Title **Director of Finance &
Corporate Support**

Name Valerie Davidson

Title **Chief Executive**

For further information, please contact Iain McNicol, Audit and Assurance Manager.