

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	19 June 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 31 May 2019
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Update the Risk and Audit Scrutiny Committee (RASC) on progress by, and performance of the Internal Audit service in the period to 31 May 2019

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that progress and performance is noted

3. Background

3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in April 2019. This reported on work completed in the period 17 January to 3 April 2019. This report covers all work completed in the period 4 April to 31 May 2019. Performance information is also included.

4. Performance

- 4.1. As at 31 May 2019, 28% of 2019/2020 assignments have been started. The other key performance indicators reflecting quality, on time and within budget for the period to 31 March 2019 are summarised in Appendix One together with explanations. 80% of draft reports have been issued on time and 80% within budget against targets of 80% respectively. Quality continues to be monitored through internal quality control procedures.
- 4.2. Client contributions to the delivery of the audit plan take the form of responding to draft reports, agreeing to closing meetings and signing reports quickly once agreed. 97% of audit assignments were concluded to a signed action plan within four weeks of the issue of a draft report against a target set of 80%.
- 4.3. Members are asked to note performance.

5. Findings

5.1. Appendix Two lists all assignments completed in the period 4 April to 31 May 2019 and the key messages, in respect of the following significant assignments completed in this period, have been appended to this report:

- ◆ I232084 Universal Credit 2018/2019 (Appendix Three)
- ◆ I410057 Follow Up Leavers and Movers (Appendix Four)

5.2. Members are asked to note findings.

6. Progress against Strategy

6.1. The Public Sector Internal Audit Standards (PSIAS) requires progress against the audit strategy to be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting.

6.2. Delivery of the strategy will be evidenced by completion of the 2019/2020 Plan and will be monitored through the performance indicators regularly reported to the Committee throughout the period.

7. Employee Implications

7.1. There are no employee issues.

8. Financial Implications

8.1. A breakeven position is forecast at the end of the financial year for the Internal Audit section.

9. Other Implications

9.1. The main risks to the delivery of the Audit Plan are vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. These are mainly mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan.

9.2. There are no implications for sustainability in terms of the information contained in this report.

10. Equality Impact Assessment and Consultation Arrangements

10.1. There is no requirement to equality assess the contents of this report.

10.2. Heads of Service are consulted on each and every audit assignment.

Paul Manning

Executive Director Finance and Corporate Resources

31 May 2019

Link(s) to Council Objectives/Improvement Themes/Values

- Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ Internal Audit Plan 2019/2020 – Risk and Audit Scrutiny Committee, 24 April 2019
- ◆ Internal Audit Activity as at 3 April 2019, 24 April 2019

List of Background Papers

- ◆ Figtree extracts of Action Plans

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Ext: 2618
(Tel: 01698 452618)
E-mail: yvonne.douglas@southlanarkshire.gov.uk

Key audit performance indicators as at 31 March 2019

Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	43/54	80%	80%	
Draft reports delivered within 6 weeks of file review	52/65	80%	80%	
2018/2019 Audit Plan completed to draft by 31 March 2019	61/66	92.4%	100%	The five outstanding assignments all relate to special investigations.
Internal Audit recommendations delivered on time	72/80	90%	90%	
Client to agree findings and actions within 4 weeks of draft issue	37/38	97%	80%	

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
Prior Year – Assurance Reports				
I232084	Universal Credit	31/03/2019	20/05/2019	See Appendix Three
I410057	Follow Up Leavers and Movers	31/03/2019	07/05/2019	See Appendix Four
I410061	Follow Up Snagging in Schools	31/03/2019	13/05/2019	Some progress with implementing audit recommendations but further work required to fully implement. Progress with such will continue to be monitored.
I650138	Fast Cash Discrepancies	26/03/2019	04/04/2019	Adequate assurance was obtained that procedures / processes are in place and are being implemented to ensure that school meals fast cash banking differences are quickly identified, investigated and satisfactorily resolved.
I676128	Lighting Contract	19/07/2018	26/04/2019	Process was largely compliant. The approach to procuring the service to be reviewed in advance of the next award to ensure that all risks are mitigated.

2018/2019				
External Clients				
I912111	SLLC CCM Petty Cash and Supplier Expenditure 2019/2020	08/05/2019	13/05/2019	Reported to SLLC

Objective

The audit objective was obtain assurance that housing benefits are being stopped timeously, where appropriate, when a person has moved over to Universal Credit.

Key Summary

From the testing undertaken, assurance was obtained that controls are in place, procedures have been produced and processes are being followed to end housing benefit for the claimant, where applicable, when they move over to Universal Credit.

Main Findings

- Housing Benefit (HB) Stop data uploads were undertaken in numerical order as per system controls, which prevents notifications being missed in error
- Procedures have been produced to ensure the Benefit processor appropriately ends the claimant's housing benefit, where applicable
- All HB Stop notifications within the sample were ended on the correct date and awarded the two week transitional payment, where applicable or eligible
- Council Tax Reduction only claims commenced correctly on the day following the end of housing benefit, where applicable
- Any overpayment in housing benefit due to processing delays by the Department of Work and Pensions (DWP) in the tenant's move to Universal Credit were correctly recorded as a DWP error and notified to the DWP.
- Any existing overpayment in place when the tenant's housing benefit ended was passed for recovery appropriately
- Discretionary Housing Payments in place to cover the shortfall due to the bedroom tax are ended appropriately
- Housing Officers check arrears and ensure the tenant has re-applied for their DHP, where applicable
- All MGP1A forms used to notify the DWP that housing benefit has ended and of any overpayment in place, were completed and returned to the DWP within their five day timescale.

Good Practice

- Where possible, the process of ending Housing Benefit is carried out on the same day of the HB Stop notifications being uploaded, to prevent a backlog of work and to ensure timescales are met.

Objective

The objective of the audit work in this area was to obtain assurances, via the use of data matches of users to leavers and movers, that permissions were being terminated when no longer necessary.

Key Summary

In general, assurances were obtained that, at the time of the audit, all recent leavers using the sample systems (with the exception of one system) had had their access terminated. For the remaining system, there is some assurance that the systems administrator has now carried out a full review exercise to verify the permissions required.

Developments in this area could facilitate ongoing 'data match' exercises to continue to obtain assurances that leavers access is terminated.

Main Findings

- Systems permissions removed for 'leavers' for three of the four systems
- Developments are required to facilitate a full data match for 'movers'

Areas for Development

- Capture of payroll CCM (by Internal Audit)
- Introduction of common, unique employee identifiers across council systems
- Provision of generic, good practice guidance for all systems administrators