

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	31 October 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 13 October 2023
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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 of the Internal Audit service in the period 5 August to 13 October 2023

2. Recommendation(s)

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

- (1) that progress be 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 August 2023 and reported on work completed in the period 10 June to 4 August 2023. This report covers all work completed in the period 5 August to 13 October 2023. Performance information is also included.

4. Delivery of the Internal Audit Plan: Progress

4.1. As at 30 September 2023, 9% of the 2023/2024 Audit Plan was complete to draft report stage with a further 26 assignments in progress.

4.2. In the reporting period, all elements of the Audit Plan have been progressed with a specific focus on the National Fraud Initiative, investigative activities and External Client audit plans. Alongside this, there has been a significant time commitment to the implementation of Oracle Fusion, a cloud based human resources and financial management system, within South Lanarkshire Council.

4.3. Internal Audit resources to date have mainly involved the deployment of one auditor to attend and contribute to all aspects of implementation, one Adviser to assist with more technical and complex issues and time, across the team, to attend programme implementation working groups and meetings. These roles will continue with an additional requirement to now move to the testing of a number of processes. Given limited resources and time constraints, priority areas will be selected for audit review to run in parallel with User Acceptance Testing.

4.4. The detailed scope of work in each area will be approved, in advance, by Fusion's Project Review Board and summary findings reported as each element of testing is concluded.

- 4.5. Internal Audit has also contributed to a review of controls around the unmasking of bank account details and are reviewing 'view only' access to ensure a cost-efficient option is identified that retains key controls around restricting the ability to amend records. Testing of expected controls will follow to provide assurance that risks are mitigated. Internal Audit will provide resources to assist with the implementation of Fusion through to 31 March 2024 and activity reports to Committee will continue to include updates.
- 4.6. Key performance indicators reflecting quality, on time and within budget for the 2023/2024 Internal Audit Plan (at 30 September 2023) are summarised in Appendix 1 together with explanations. Performance across all indicators is satisfactory.
- 4.7. Appendix 2 lists all assignments completed in the period 5 August to 13 October 2023. All of these assignments related to South Lanarkshire Leisure and Culture (SLLC) and were reported to their Audit Committee.
- 4.8. Members are asked to note progress.
- 5. Public Sector Internal Audit Standards – External Review**
 - 5.1. The external review has concluded and a final report is being presented to the Committee as a separate item on this meeting's agenda.
- 6. Progress against Strategy**
 - 6.1. The Public Sector Internal Audit Standards (PSIAS) require 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 in 2023/2024 will be evidenced by the completion of the Internal Audit Plan in-year and will be monitored through the performance indicators regularly reported to the Committee.
- 7. Employee Implications**
 - 7.1. There are no employee issues.
- 8. Financial Implications**
 - 8.1. A breakeven position for 2023/2024 is forecast at the end of the financial year for the Internal Audit section.
- 9. Climate Change, Sustainability, and the Environmental Implications**
 - 9.1. There are no climate or sustainability implications associated with this report.
- 10. Other Implications**
 - 10.1. The main risks to the delivery of the Audit Plan are, generally, vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. These are mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan. The risk of significant, subsequent amendments to the Plan, arising from a change in the Council's priorities or risks, are mitigated by regular re-assessment of capacity and Audit Plan content to allow incremental adjustments as the year progresses.
 - 10.2. There are no implications for sustainability in terms of the information contained in this report.
- 11. Equality Impact Assessment and Consultation Arrangements**
 - 11.1. There is no requirement to equality assess the contents of this report.

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

Paul Manning
Executive Director (Finance and Corporate Resources)

13 October 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ Risk and Audit Scrutiny Committee - Internal Audit Activity as at 4 August 2023, 22 August 2023

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

Tel:- 01698 452618

E-mail:- yvonne.douglas@southlanarkshire.gov.uk

Key audit performance indicators as at 30 September 2023

Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	5/5	100%	80%	
Draft reports delivered within 6 weeks of file review	7/7	100%	80%	
2023/2024 Audit Plan completed to draft by 30 April 2024	3/32	9%	100%	29/32 (91%) of 2023/2024 Audit Plan to draft stage or in progress at 30 September 2023.
Internal Audit recommendations delivered on time	n/a	n/a	90%	No audit actions have fallen due in the period to 30 September 2023.
Client to agree findings and actions within 4 weeks of draft issue	4/4	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
External Clients				
I911193	SLLC 2023/2024 Audit Plan	21/06/2023	02/10/2023	Reported to SLLC.
I914196	SLLC Follow Up	05/07/2023	02/10/2023	Reported to SLLC.
I913200	SLLC Data Protection Facility Testing	05/07/2023	02/10/2023	Reported to SLLC.
I913202	SLLC Conflict of Interest	05/07/2023	02/10/2023	Reported to SLLC.
I918231	SLLC 2022/2023 Annual Report	05/07/2023	02/10/2023	Reported to SLLC.