

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	21 September 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 28 August 2020
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Committee on progress by, and performance of, the Internal Audit service in the period to 28 August 2020

2. Recommendation(s)

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

- (1) that progress and performance is noted

3. Background and progress report

- 3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in June 2020 and reported on work completed in the period 25 January to 29 May 2020. This report covers all work completed in the period 30 May to 28 August 2020.
- 3.2. As at the end of March 2020, the Council's internal audit function moved to remote working and this continues at the date of writing this report. To facilitate this move, a work programme was developed and presented to the Chair of this Committee in April 2020 and to the Committee in June 2020. A copy of this work programme is attached at Appendix 1 together with an update on progress as at 28 August 2020.
- 3.3. In practice, since March 2020, the internal audit function has also been re-deployed, at times to a significant extent as the pandemic unfolded, to help to deliver key finance tasks. A formal Audit Plan for the period 1 September 2020 to 31 March 2021 is the subject of a separate item on this agenda and, if approved, will provide a programme of routine audit activity that will inform the audit opinion which will be expressed in the annual Internal Audit assurance report for 2020/2021.

4. Performance

- 4.1. Standard performance management processes have been suspended since the start of 2020/2021, with individual tasks, instead, having specific target dates for completion agreed at the outset and then used for monitoring purposes.
- 4.2. Allocated assignments have changed on a regular basis to accommodate redeployed tasks that have been required to facilitate daily payment runs of COVID 19 support grants and to undertake routine checks on payments for goods and services received by South Lanarkshire Council.
- 4.3. Members are asked to note the temporary performance management arrangements that have been put in place but that standard performance indicators will now be used to monitor delivery of the Audit Plan which will be delivered in the period September 2020 to March 2021.

5. Progress against Strategy

- 5.1. 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. Generally, delivery of the strategy would be evidenced by the completion of an approved Audit Plan.
- 5.2. From 1 April to 31 August 2020, Internal Audit has delivered an element of planned audit work in addition to specific COVID 19 related tasks across various Council Resources. Some assistance continues to be provided around the payment of grants and various support mechanisms, but this commitment is significantly less than that of preceding months.
- 5.3. Delivery of the strategy will now be aligned to completion of the 2020/2021 Audit Plan and updates will be reported to each meeting of the Committee.

6. Employee Implications

- 6.1. There are no employee issues.

7. Financial Implications

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

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

9 Other Implications

- 9.1. 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. Normally these would be mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan. However, given the ongoing pandemic, these risks require particular consideration and the proposed Audit Plan for the remainder of 2020/2021 recognises the bearing these may have on the completion of an approved plan of work.

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

28 August 2020

Link(s) to Council Objectives/Values/Ambitions

- Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ♦ Internal Audit Activity as at 29 May 2020 – Risk and Audit Scrutiny Committee, 18 June 2020

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:-

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Lead Resource	Audit assignment	Outline Scope	Current Status
Finance and Corporate	General Ledger Data	Provide 2019/2020 general ledger entry data to External Audit for the audit of the financial accounts for the year ended 31 March 2020.	Complete – information supplied to External Audit.
All	Audit Plan Reporting	Prepare activity reports.	Ongoing – reports continue to be prepared as required for reporting to the RASC.
All	Informal Follow Up	Prompt Resources on a quarterly and monthly basis of actions due within that period. Collate responses for reporting.	Ongoing – continuing to request feedback from Resources as audit actions fall due. Programme of formal follow-up audits included in the Audit Plan from 1 September 2020 to 31 March 2021.
All	National Fraud Initiative (NFI)	Conclude and report on 2018/2019 exercise.	Complete – 2018/2019 exercise has concluded and reports prepared. Planning for the 2020/2021 exercise has commenced.
All	Fraud Alerts	React to fraud alerts through internal and external sources and disseminate information as appropriate.	Ongoing – continues to be managed through established processes. Fraud alerts specifically relating to COVID 19 grants has been circulated and used to match to South Lanarkshire Council data ahead of payments being processed.
All	Continuous Control Monitoring (CCM)	Continue to download data in current CCM areas. Use data for analysis and to inform internal and external audit testing. Prepare formal reports to allow exceptions and unusual trends in financial controls to be reported to Resources for further investigation.	Ongoing – CCM data is continuing to be downloaded on a periodic basis in line with established processes.

Lead Resource	Audit assignment	Outline Scope	Current Status
Finance and Corporate Community and Enterprise	City Deal – Governance Statement	Provision of Governance Statement to Glasgow City Council for 2019/2020.	Complete – Governance Statement supplied to Glasgow City Council for 2019/2020.
Finance and Corporate	BACs Reconciliation	Assistance to undertake routine reconciliations.	Ongoing – completion of the assignment has been impacted by absence. Work has restarted and will now be concluded by 30 September 2020.
Finance and Corporate	Debtors reconciliation	Assistance with year-end reconciliation.	Ongoing – review of 31 March 2020 reconciliation has been completed. Memo is being prepared to conclude the assignment and output will be included in the next activity report presented to the RASC.
Social Work	Self Directed Support	Provision of position statement and assessment of progress with delivering Self Directed Support.	On hold – resources were redeployed within Internal Audit to deliver COVID 19 tasks and the assignment was placed on hold. Assignment now included in the Audit Plan 1 September 2020 to 31 March 2021.
Community and Enterprise	Procurement	Collate management information for purposes of follow up work planned in 2020/2021.	Ongoing – completion of assignment has been impacted by absences and redeployment. Some progress has been made and assignment has now been prioritised for completion ahead of the start of planned 2020/2021 follow up work.