

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	6 December 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 18 November 2022
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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 10 September to 18 November 2022
- ◆ provide an update of progress with the external assessment of the Council's internal audit function's level of compliance with the Public Sector Internal Audit Standards (PSAIS)

2. Recommendation(s)

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

- (1) that progress and performance be noted; and
- (2) that progress with the external assessment of the Council's internal audit service level of compliance with PSIAS 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 September 2022 and reported on work completed in the period 4 June to 9 September 2022. This report covers all work completed in the period 10 September to 18 November 2022. Performance information is also included.

4. Delivery of the Internal Audit Plan: Progress and Performance

4.1. As at 18 November 2022, 12% of the 2022/2023 Audit Plan was complete with a further 12% anticipated to conclude by 31 December 2022. Of the remaining 76%, 40% relates to assignments that are planned to conclude in the period 1 January to 31 March 2023 and 36% to tasks that continue throughout the year and will be closed at financial year end.

4.2. Key performance indicators reflecting quality, on time and within budget as at 30 September 2022 are summarised in Appendix 1 together with explanations. 100% of draft reports have been issued on time and 100% within budget against targets of 80% respectively. Quality continues to be monitored through internal quality control procedures.

- 4.3. 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. 100% of audit assignments were concluded to a signed action plan, where this was required, within 4 weeks of the issue of a draft report against a target set of 80%.
- 4.4. Appendix 2 lists all assignments completed in the period 10 September to 18 November 2022 together with a summary of overall assurances from each area of work.
- 4.5. Members are asked to note progress and performance.
- 5. Public Sector Internal Audit Standards – External Review**
- 5.1. Preparation for the external PSIAS assessment continues with the intention to complete the self-assessment questionnaire and pass this to East Lothian Council, the Council's external examiners for the purposes of the 2022/2023 PSIAS inspection, in December 2022. Despite a short delay in commencing the self-assessment exercise, it is still anticipated that the independent inspection will be concluded by 31 March 2023.
- 5.2. Members are asked to note progress and that findings will be reported to RASC in March 2023.
- 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 2022/2023 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 2022/2023 is forecast at the end of the financial year for the Internal Audit section.
- 9. Climate Change, Sustainability and Environmental Implications**
- 9.1. There are no Climate Change, Sustainability and Environmental implications relating to 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 reduced given the approach in 2022/2023 that has allowed capacity and content to be reassessed mid-year.

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

22 November 2022

Links to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ 2022/2023 Internal Audit Plan, 26 January 2022
- ◆ Internal Audit Activity as at 3 June 2022, 22 June 2022
- ◆ Internal Audit Activity as at 9 September 2022, 27 September 2022

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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Key audit performance indicators as at 30 September 2022

Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	6/6	100%	80%	
Draft reports delivered within 6 weeks of file review	6/6	100%	80%	
2022/2023 Audit Plan completed to draft by 31 March 2023	3/25	12%	100%	12% are anticipated to conclude by 31 December 2022 and a further 40% of assignments to conclude by 31 March 2023. 36% relate to tasks that continue throughout the year and will be closed at financial year end.
Internal Audit recommendations delivered on time	4/4	100%	90%	
Client to agree findings and actions within 4 weeks of draft issue	6/6	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
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Current Year				
I261110	Data Extract for External Audit	30/09/2022	30/09/2022	Provision of data for year ended 31 March 2022.

External Clients				
I928208	LVJB Annual report 2022	30/09/2022	30/09/2022	Reported to LVJB.
I911170	SLLC 2022/23 Audit Plan	07/09/2022	13/09/2022	Reported to SLLC.
I918199	SLLC Annual Report 2022	07/09/2022	15/09/2022	Reported to SLLC.
I912194	SLLC CCM	20/09/2022	20/09/2022	Reported to SLLC.
I932182	SEEMIS CCM Supplier analysis	13/10/2022	02/11/2022	Reported to SEEMIS.
I932123	SEEMIS Payroll Authorisation	24/11/2022	18/11/2022	Reported to SEEMIS.
I934178	SEEMIS Follow Up	24/11/2022	18/11/2022	Reported to SEEMIS.