

Report

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Report to:	Risk and Audit Scrutiny Forum
Date of Meeting:	31 January 2017
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 13 January 2017
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Forum on progress by, and performance of the Internal Audit service in the period to 13 January 2017

2. Recommendation(s)

2.1. The Forum 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 Forum throughout the year. The last progress report to the Forum was in November 2016. This reported on work completed in the period 6 September to 21 October 2016. This report covers all work completed in the period 22 October 2016 to 13 January 2017. Performance information is also included.

4. Performance

4.1. As at 13 January 2017, 86% of the 2016/2017 Audit Plan has been started. The other key performance indicators reflecting quality, on time and within budget for the period to 30 November 2016 are summarised in Appendix One together with explanations. 86% of draft reports have been delivered on time and 74% 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. 73% 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%.

5. Findings

5.1. Appendix Two lists all assignments completed in the period 22 October 2016 to 13 January 2017.

5.2. Forum members are asked to note performance and 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 Forum as part of regular monitoring reports that are presented at each meeting.
- 6.2. Delivery of the strategy is evidenced by completion of the Plan and this is monitored through the performance indicators regularly reported to the Forum.
- 6.3. The current year's Audit Plan has been reviewed on a regular basis throughout the year to allow adjustments to be made to the Plan in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 6.4. Such a review was completed in December 2016 and highlighted that a number of assignments may have to be deferred to accommodate some significant adhoc and unplanned work that was required during the latter part of 2016.
- 6.5. The level of required amendment to the 2016/2017 Audit Plan will be presented to the Forum in March 2017 for consideration together with a proposed plan to complete work on the deferred areas of audit by 30 June 2017. A Plan for the remainder of 2017/2018 will be presented to the first Forum of the new Council as well as an indicative outline of a strategic Audit Plan through to 31 March 2020.
- 6.6. Audit work will be re-prioritised in such a way to ensure that a programme of work will be delivered that will allow an annual audit opinion to be expressed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements and will also include areas of work where our External Auditors have indicated their intention to place reliance.
- 6.7. The Forum is asked to note that a review of the 2016/2017 Audit Plan is underway and will be presented for endorsement in March 2017.
- 7. Employee Implications**
 - 7.1. There are no employee issues.
- 8. Financial Implications**
 - 8.1. At present a breakeven position is forecast to 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)
16 January 2017

Link(s) to Council Values/Objectives

- ◆ Objective – Governance and Accountability

Previous References

- ◆ Internal Audit Plan 2016/2017 15 March 2016
- ◆ Progress report to RASF 31 May 2016
- ◆ Progress report to RASF 30 August 2016
- ◆ Progress report to RASF 20 September 2016
- ◆ Progress report to RASF 8 November 2016

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 November 2016

Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	45/61	74%	80%	Some assignments only marginally outwith budget and relate to close down of old year assignments. Anticipate that target will be met by the end of the financial year.
Draft reports delivered within 6 weeks of file review	50/58	86%	80%	
2016/2017 Audit Plan completed to draft by 30 April 2017	13/94	14%	100%	86% of the 2016/2017 Audit Plan has started; of these assignments 34% are at draft report stage and a workplan is in place to deliver the remaining 52% by 30 April 2017. It is likely that the 14% of assignments not started will be deferred to the quarter ended 30 June 2017 subject to the Forum endorsing this approach.
Internal Audit recommendations delivered on time	52/57	91%	90%	
Client to agree findings and actions within 4 weeks of draft issue	32/44	73%	80%	All relate to closedown of old year assignments. Anticipate that target will be met by the end of the financial year.

List of assignments completed 22 October 2016 to 13 January 2017 Appendix Two

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
Prior Years				
I640074	NFI 2016	13/10/2016	13/10/2016	Reported separately to the Risk and Audit Scrutiny Forum.
I675116	Homelessness Allegation	31/10/2016	31/10/2016	Allegation was unsubstantiated.
I674080	Abandoned Vehicle	14/11/2016	14/11/2016	Agency worker left Council van unattended and unlocked. Action taken to address issue and prevent re-occurrence.
I734026	Investors in People	23/12/2016	23/12/2016	Other resources outwith Internal Audit utilised in internal review process.