

# Report

3

Report to:	<b>Risk and Audit Scrutiny Forum</b>
Date of Meeting:	<b>20 September 2017</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Internal Audit Activity as at 31 August 2017</b>
----------	-----------------------------------------------------

## 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 31 August 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 June 2017. This reported on work completed in the period 14 January to 26 May 2017. This report covers all work completed in the period 27 May to 31 August 2017. Performance information is also included.

## 4. Performance

4.1. As at 31 August 2017, 86% of Quarter One's 2017/2018 Audit Plan has been started. The other key performance indicators reflecting quality, on time and within budget for the period to 31 July 2017 are summarised in Appendix One together with explanations. 76% of draft reports have been delivered on time and 93% 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. 50% 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 27 May to 31 August 2017. The key messages, in respect of the following significant assignment completed in this period, has been appended to this report:

- ◆ I255054 City Deal

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 will be evidenced by completion of the 2017/2018 Plan and this will be monitored through the performance indicators regularly reported to the Forum. Any subsequent changes to the Plan will be presented to the Forum which will include an assessment as to the impact such changes would have on the delivery of the overall audit strategy.

## **7. Compliance with the Public Sector Internal Audit Standards (PSIAS)**

- 7.1. The validated self-assessment exercise is nearing completion and it is anticipated that the output from this exercise will now be reported to the Forum in November 2017.

## **8. Employee Implications**

- 8.1. There are no employee issues.

## **9. Financial Implications**

- 9.1. At present a breakeven position is forecast to the end of the financial year for the Internal Audit section.

## **10. Other Implications**

- 10.1. 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.
- 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)**

31 August 2017

### **Link(s) to Council Values/Objectives**

- ♦ Objective – Governance and Accountability

### **Previous References**

- ♦ Internal Audit Plan 2017/2018 7 March 2017
- ♦ Progress report to RASF 14 June 2017

### **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](mailto:yvonne.douglas@southlanarkshire.gov.uk)

## Key audit performance indicators as at 31 July 2017

## Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	14/15	93%	80%	
Draft reports delivered within 6 weeks of file review	13/17	76%	80%	Only marginally below target. Anticipate that target will be met by the end of the financial year.
2017/2018 Audit Plan completed to draft by 30 April 2018	1/42	2%	100%	86% of Quarter One's 2017/2018 Audit Plan has been started.
Internal Audit recommendations delivered on time	25/26	96%	90%	
Client to agree findings and actions within 4 weeks of draft issue	7/14	50%	80%	Relatively few reports finalised in period and target impacted by year-end work priorities

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
<b>Prior Years</b>				
I232051	Welfare Reform - Universal Credits	28/04/2017	01/06/2017	Initial research stage of the audit process completed. Procedures are in place to identify and stop Housing Benefit payments to claimants who have moved to Universal Credit. A further roll out of Universal Credit is due to take place in 2017/2018 and testing has been deferred until 2017/2018 when a more representative sample could be tested.
I410043	Follow Up Facility Visits Social Work	24/04/2017	02/06/2017	Overall adequate assurance around implementation of actions with 6/9 actions implemented, 1/9 partially implemented and 2/9 outstanding. Revised dates set for outstanding actions.
I617072	Follow Up Serious and Organised Crime	28/04/2017	02/06/2017	Progress continues to be made across all of the areas where it was identified that improvements were required. A further follow up planned for Quarter 3 of 2017/18 to confirm that all actions have been fully implemented.
I675117	Whistle Blowing - Taxi MOT	18/07/2017	18/07/2017	Allegation unfounded – MOT not required as checks included within Licensing and Registration processes to ensure vehicles are fit for purpose.
I912058	SLLC Payroll 2016/2017	28/04/2017	18/07/2017	Reported to SLLC.

I255054	City Deal 2016/2017	27/04/2017	19/07/2017	See Appendix Three.
I913057	SLLC Data Protection/Information Governance 2016/2017	08/05/2017	19/07/2017	Reported to SLLC.
I360046	Information Governance 2016 Audit	28/04/2017	31/08/2017	Reported to IGB. Information governance visits to 28 locations across all Council Resources to review local information governance practices. General compliance was evidenced across all locations. Any local issues were resolved onsite.

**Objective**

To provide assurance about SLC arrangements for capital monitoring, grant funding and risk management.

**Key Summary**

Good assurance was obtained over the controls in place to ensure the capital monitoring, grant administration and risk management arrangements are in place and operating effectively.

**Identification of Key Findings**

- The Programme Management Office (PMO) ensures all City Deal projects adhere to the assurance framework and have an appropriate business case.
- City Deal capital expenditure is monitored by Finance (Strategy) and project-specific progress reports are reviewed by Finance (Strategy) and aggregated into a monthly progress report which is submitted to the PMO for scrutiny by Regeneration Services.
- Funding projections until 2023 and beyond have been provided by the PMO. As annual funding and expenditure are not in synch, temporary borrowing and the use of reserves will be required in this period.
- Grant claims are submitted to the PMO on a quarterly basis.
- A Risk Management Strategy (RMS) is in place to manage risk across all the City Deal projects. SLC is in compliance with the aims of the RMS and has addressed the issues raised in the Glasgow City Council risk management audit.

**Good Practice**

- City Deal capital monitoring exceptions reporting to the Executive Committee providing high level visibility of any project variances.