

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	24 April 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 3 April 2019
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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 to 3 April 2019

2. Recommendation(s)

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

- (1) that progress and performance is noted
- (2) that revisions to the 2018/2019 Audit Plan are approved

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 February 2019. This reported on work completed in the period 25 October 2018 to 16 January 2019. This report covers all work completed in the period 17 January to 3 April 2019. Performance information is also included.

4. Performance

4.1. As at 3 April 2019, all routine assignments within the 2018/2019 Plan have been completed to draft stage. The other key performance indicators reflecting quality, on time and within budget for the period to 28 February 2019 are summarised in Appendix One together with explanations. 82% of draft reports have been issued on time and 69% 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. 94% 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%.

4.3. Members are asked to note performance.

5. Findings

5.1. Appendix Two lists all assignments completed in the period 17 January to 3 April 2019.

5.2. Members are asked to note findings.

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 has been evidenced by completion of the 2018/2019 Plan and has been monitored through the performance indicators regularly reported to the Committee throughout this period.

7. Review of 2018/2019 Audit Plan

- 7.1. A review of the current year's Audit Plan has identified that the following two audit assignments should not now be completed in 2018/2019 for the specific reasons noted below:

Assignment Number	Assignment Title	Reason
I250078	Waste Contract Audit 2018/2019	Deferred to beginning of 2019/2020 to accommodate resourcing constraints within Facilities, Waste and Ground Services.
I410056	Follow Up Additional Support Needs (ASN) taxi provision	Deferred to 2019/2020 to allow processes to become embedded within Education Resources after transfer of administrative responsibilities for ASN taxi provision from Community and Enterprise Resources.

- 7.2. This released 50 days which has been utilised to complete year end tasks and undertake work on an unplanned assignment.
- 7.3. These amendments are considered to comply with the overall audit strategy and will have no impact on the ability to express an opinion within the Annual Assurance report for 2018/2019. The Risk and Audit Scrutiny Committee is asked to approve these revisions.

8. Employee Implications

- 8.1. There are no employee issues.

9. Financial Implications

- 9.1. A breakeven position is forecast at 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

3 April 2019

Link(s) to Council Objectives/Values/Ambitions

- Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ Internal Audit Plan 2018/2019 – Risk and Audit Scrutiny Forum, 21 March 2018
- ◆ Internal Audit Activity as at 18 May 2018 – Risk and Audit Scrutiny Forum, 13 June 2018
- ◆ Internal Audit Activity as at 29 August 2018 – Risk and Audit Scrutiny Committee, 18 September 2018
- ◆ The National Fraud Initiative 2016 – Risk and Audit Scrutiny Committee, 18 September 2018
- ◆ Internal Audit Activity as at 24 October 2018 - Risk and Audit Scrutiny Committee, 14 November 2018
- ◆ Internal Audit Activity as at 16 January 2019 – Risk and Audit Scrutiny Committee, 6 February 2019

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

Key audit performance indicators as at 28 February 2019

Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	24/35	69%	80%	Most assignments delivered outwith budget were marginally over budget. Anticipate target met at 31 March 2019.
Draft reports delivered within 6 weeks of file review	18/22	82%	80%	
2018/2019 Audit Plan completed to draft by 31 March 2019	18/65	28%	100%	All routine assignments completed to draft as at 31 March 2019.
Internal Audit recommendations delivered on time	71/78	91%	90%	
Client to agree findings and actions within 4 weeks of draft issue	17/18	94%	80%	

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
2017/2018				
Prior Year				
I211069	Payables	30/03/2018	05/02/2019	Adequate assurance was obtained that the Oracle Accounts Payable system is robust and operating effectively.
2018/2019				
Internal Audit – Other Output				
I650141	Learn On Line Course Review	18/03/2019	18/03/2019	Undertake review of fraud learn on line courses and identify areas for update.
I810021	Audit Plan 2019/2020	28/03/2019	28/03/2019	Preparation and presentation of 2019/2020 Audit Plan to RASC for approval.
I730042	Roads Scrutiny Group 2018/2019	31/03/2019	31/03/2019	Participation in Council-wide contract scrutiny groups throughout the year and provision of assurance surrounding the robustness of the process at each stage.
I411054	Informal Follow Up 2018/2019	31/03/2019	31/03/2019	Provided quarterly advance prompts of actions falling due. Collated responses monthly for reporting.
I612134	Continuous Control Monitoring (CCM) in 2018/2019	31/03/2019	31/03/2019	Completion of programme of data downloads from main financial systems during 2018/2019 to inform audit sampling and provide management reports.
I615135	Fraud Alerts in 2018/2019	31/03/2019	31/03/2019	Dissemination of fraud alert information to Council Resources.
I640136	National Fraud Initiative (NFI) 2018/2019	31/03/2019	31/03/2019	Facilitate and administer NFI exercise.
I732038	Attend Chief Internal Auditors Group, Investigators Group and Computer Audit	31/03/2019	31/03/2019	Attended meetings throughout the year and responded to queries from other

	Sub-Group 2018/2019			member Authorities.
I262081	External Audit Work	31/03/2019	31/03/2019	Provision of data extracts to External Audit.
I830022	Compliance Team Work 2018/2019	31/03/2019	31/03/2019	Supported work of Funding and Compliance.
I721039	Social Work Transition Group	31/03/2019	31/03/2019	Participation in scrutiny group tasked with assisting early identification and joint working between Services to aid the transition process to Adult Years and Adult Services for disabled young people and young people living with long term or life limiting conditions.
I650140	Complete Serious and Organised Crime Action Plan	31/03/2019	31/03/2019	Implementation of actions identified by Internal Audit assignment I617072.
I730041	Temporary Traffic Management Scrutiny Group	31/03/2019	31/03/2019	Participation in Council-wide contract scrutiny groups throughout the year and provision of assurance surrounding the robustness of the process at each stage.

2018/2019				
Internal Audit – Assurance Reviews				
I674148	Cash Theft	29/01/2019	29/01/2019	Fraud substantiated and employee dismissed.
I340065	Carbon Report	22/01/2019	06/02/2019	The 2017/2018 Climate Change Report submitted to the Scottish Government is complete and validated by evidence gathered from Council Resources.
I410063	Follow Up Anti-Fraud Review Education	29/03/2019	29/03/2019	Good assurance with 7/7 actions implemented.
I250079	Procurement Audit 2018/2019	29/03/2019	29/03/2019	Preparatory analytical work for procurement assignment to be

				undertaken in 2019/2020.
I678156	Employee - Private Work	29/03/2019	29/03/2019	Fraud not substantiated.

2018/2019				
External Clients				
I923089	LVJB Non-Domestic Rates - Logging and Process	30/01/2019	18/02/2019	Reported to LVJB
I924091	LVJB Follow-up 2018/2019	30/01/2019	18/02/2019	Reported to LVJB
I923090	LVJB Public Records Management	30/01/2019	04/03/2019	Reported to LVJB
I911097	SLLC Admin / Updates and Committee Reports	29/03/2019	29/03/2019	Reported to SLLC
I916099	SLLC Fraud Alerts Contingency 2018/2019	29/03/2019	29/03/2019	Reported to SLLC
I941110	IJB Audit Management	29/03/2019	29/03/2019	Reported to IJB
I937100	SEEMIS Advice and Guidance 2018/2019	29/03/2019	29/03/2019	Reported to SEEMIS