

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	7 March 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 17 February 2023
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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 19 November 2022 to 17 February 2023
- ◆ provide an update on 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 the delay in progressing 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 December 2022 and reported on work completed in the period 10 September to 18 November 2022. This report covers all work completed in the period 19 November 2022 to 17 February 2023. Performance information is also included.

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

4.1. As at 17 February 2023, 33% of the 2022/2023 Audit Plan was complete. Of the remaining 67%, 34% relates to assignments that are planned to conclude by 31 March 2023 and 33% to tasks that continue throughout the year and will be closed at financial yearend.

4.2. Key performance indicators reflecting quality, on time and within budget as at 31 January 2023 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 four 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 19 November 2022 to 17 February 2023 together with a summary of overall assurances from each area of work.
- 4.5. Members are asked to note progress and performance.

5. Glasgow City Region City Deal – Internal Audit Plan 2022/2023

- 5.1 No Internal Audit reports were presented at Cabinet meetings in February 2023. The next meeting of the Cabinet is in May 2023 and an update will be provided to the next meeting of the RASC.

6. Public Sector Internal Audit Standards – External Review

- 6.1 The self-assessment questionnaire has now been passed to East Lothian Council, the Council's external examiners for the purposes of the 2022/2023 PSIAS inspection. Due to other priorities this was sent two months later than intended. The impact of this delay in commencing the self-assessment exercise is that the outcome from the exercise will not now be reported to RASC until June 2023.
- 6.2. Members are asked to note progress and that findings will now be reported to RASC in June 2023.

7. Progress against Strategy

- 7.1. 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.
- 7.2. 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.

8. Employee Implications

- 8.1. There are no employee issues.

9. Financial Implications

- 9.1. A breakeven position for 2022/2023 is forecast at the end of the financial year for the Internal Audit section.

10. Climate Change, Sustainability and Environmental Implications

- 10.1. There are no significant implications in terms of climate change, sustainability and environmental implications associated with this report.

11. Other Implications

- 11.1. 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.

11.2. There are no implications for sustainability in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

12.1. There is no requirement to equality assess the contents of this report.

12.2. Heads of Service are consulted on each and every audit assignment.

Paul Manning

Executive Director Finance and Corporate Resources

17 February 2023

Link(s) 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
- ◆ Internal Audit Activity as at 18 November 2022, 6 December 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 31 January 2023

Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	10/10	100%	80%	
Draft reports delivered within 6 weeks of file review	10/10	100%	80%	
2022/2023 Audit Plan completed to draft by 31 March 2023	16/48	33%	100%	A further 34% are anticipated to conclude by 31 March 2023 with 33% relating to tasks that continue throughout the year and will be closed at financial yearend.
Internal Audit recommendations delivered on time	4/4	100%	90%	
Client to agree findings and actions within 4 weeks of draft issue	10/10	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
Current Year				
I411090	Follow-up of procurement actions	24/01/2023	24/01/2023	Follow up work was planned for 2022/2023 but has been deferred to allow actions to be reviewed given new functionalities within Fusion.
I222112	Education Maintenance Allowance (EMA) Claims Audit 2021/2022	24/01/2023	24/01/2023	Audit certificate for EMA claim not now required.
I410093	Follow-up Debtors	24/01/2023	24/01/2023	Work deferred to allow actions to be reviewed given new functionalities within Fusion.
I674205	Theft of Goods	17/02/2023	17/02/2023	Investigation concluded. Employee resigned. Summary of risks and required controls shared with Resource.
I221114	HMRC Return -2020/2021, 2021/2022 and 2022/2023	03/02/2023	03/02/2023	Collated, completed and submitted tax returns to HMRC.
I613197	Review of Fraud Policy	17/02/2023	17/02/2023	Review of fraud policy concluded. To be presented to RASC in June 2023 for approval.
I710079	Three Lines Analysis	25/01/2023	25/01/2023	Analysis of top risks using three lines of defence model. Sharing output with Risk Sponsors.
I810037	2023/2024 Audit Plan	17/02/2023	17/02/2023	Preparation and presentation of 2023/2024 Audit Plan to RASC for approval.
External Clients				
I921184	LVJB 2022/23 Audit Plan	08/11/2022	09/11/2022	Reported to LVJB
I939181	SEEMIS Customer Service	05/09/2022	13/01/2023	Reported to SEEMIS