

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	6 February 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 16 January 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 16 January 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 November 2018. This reported on work completed in the period 30 August to 24 October 2018. This report covers all work completed in the period 25 October 2018 to 16 January 2019. Performance information is also included.

4. Performance

- 4.1. As at 6 February 2019, approximately 83% of the 2018/2019 Audit Plan has been started and most assignments are nearing completion. The other key performance indicators reflecting quality, on time and within budget for the period to 31 December 2018 are summarised in Appendix One together with explanations. 85% of draft reports have been issued on time and 63% 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. 82% 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 25 October 2018 to 16 January 2019.

- 5.2. Members are asked to note 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 Committee 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 2018/2019 Plan and this is monitored through the performance indicators regularly reported to the Committee.

7. Review of 2018/2019 Audit Plan

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

Assignment Number	Assignment Title	Reason
I210082	ICON (income management system)	Allocated budgeted utilised for other higher priority work. Will be considered for inclusion in future Audit Plans.
I342066	Mobile Working (Roads)	Audit will not add value until processes are further embedded. Will be considered for inclusion in future Audit Plans.
I350068	Financial Strategy	Covered by Best Value audit. Internal Audit assignment would therefore replicate review that has already been completed.
I410058	Roads Follow Up	Deferred to allow audit of new procedures within context of revised Service structure in 2019/2020

- 7.2. This released 80 days which will be utilised to complete the remaining assignments within the 2018/2019 Plan by 31 March 2019.
- 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 are asked to approve these revisions.

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

16 January 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 16 January 2019 - Risk and Audit Scrutiny Committee, 14 November 2018

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 December 2018

Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	17/27	63%	80%	Most assignments delivered outwith budget were marginally over budget. One assignment related to advice and guidance and participation in an internal working group where more days were required than was originally anticipated.
Draft reports delivered within 6 weeks of file review	11/13	85%	80%	
2018/2019 Audit Plan completed to draft by 31 March 2019	9/63	14%	100%	83% of 2018/2019 Audit Plan has been started and plans are in place to deliver this programme of work by 31 March 2019.
Internal Audit recommendations delivered on time	70/77	91%	90%	
Client to agree findings and actions within 4 weeks of draft issue	9/11	82%	80%	

List of assignments completed 25 October 2018 to 6 February 2019 Appendix Two

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
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2018/2019				
Internal Audit – Other Output				
I222086	LEADER Audit 2018	01/12/2018	01/12/2018	Provision of LEADER audit certificate for the year to 15 October 2018.

2018/2019				
Internal Audit – Assurance Reviews				
I678157	Personal use of vehicle	11/12/2018	11/12/2018	Allegation re personal use of vehicle unsubstantiated
I676149	Asset Valuations and Disposals	27/11/2018	21/12/2018	Adequate assurance around the valuation process with some improvements required in relation to management information retained.

2018/2019				
External Clients				
I912093	SLLC CCM Petty Cash and Supplier Expenditure	12/06/2018	05/11/2018	Reported to SLLC
I932080	SEEMIS Petty Cash / Credit Card Payments	04/07/2018	07/12/2018	Reported to SEEMIS