

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	27 November 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 31 October 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 31 October 2019
- ◆ Seek approval to amend the 2019/2020 Audit Plan
- ◆ Request Members suggest ideas for inclusion in the 2020/2021 Internal Audit Plan

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 2019/2020 Audit Plan are approved
- (3) that Members suggest ideas for inclusion in the 2020/2021 Internal Audit Plan

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 September 2019. This reported on work completed in the period 1 June to 30 August 2019. This report covers all work completed in the period 31 August to 31 October 2019. Performance information is also included.

4. Performance

4.1. As at 31 October 2019, 88% of 2019/2020 assignments have been started. The other key performance indicators reflecting quality, on time and within budget for the period to 31 October 2019 are summarised in Appendix One together with explanations. 100% of draft reports have been issued on time and 78% 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. 100% 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 31 August to 31 October 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 2019/2020 Plan and will be monitored through the performance indicators regularly reported to the Committee throughout the period.

7. Review of 2019/2020 Audit Plan

7.1. A review of the current year's Audit Plan has identified that the following four audit assignments should be deferred to a future year's Audit Plan for the specific reasons noted below:

Assignment Number	Assignment Title	Reason
I214089	Job Costing – Housing and Technical Resources	Job costing work being concluded within other Council Service. The outcome of this work will inform the approach to similar planned audits in future years.
I342073	Nursery Admissions	System in early stages of development. Will be included in a future year's audit plan.
I533022	Financial System - Council Tax	Time has been used to review the sundry debtor reconciliation process and address an External Audit action in this area.
I541021	Digital Maturity Assessment	Level of progress has been made but deferring work to 2020/2021 would allow audit output to add more value.

7.2. This would release 100 days which could be utilised to complete the remaining assignments, within the 2019/2020 Plan, by 31 March 2020.

- 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 2019/2020. The Risk and Audit Scrutiny Committee is asked to approve these revisions.

8. Internal Audit Plan 2020/2021

- 8.1. Work has commenced to prepare the 2020/2021 Internal Audit Plan. Consultation meetings are being convened with Resources and External Audit by the end of the calendar year to discuss ideas and suggestions for inclusion in the Plan. Suggestions are also being sought from the Risk and Audit Scrutiny Committee. These should focus on specific risk areas where there are known control weaknesses.
- 8.2. Once the consultation process has been concluded, the comprehensive list of audit 'ideas' will be risk assessed and an audit plan presented to the Committee for approval that ensures adequate coverage across all risk areas.

9. Employee Implications

- 9.1. There are no employee issues.

10. Financial Implications

- 10.1. A breakeven position is forecast at the end of the financial year for the Internal Audit section.

11. Other Implications (Including Environmental and Risk Issues)

- 11.1. 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.
- 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

6 November 2019

Link(s) to Council Objectives/Ambitions/Values

- Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ Internal Audit Plan 2019/2020 – Risk and Audit Scrutiny Committee, 24 April 2019
- ◆ Internal Audit Activity as at 3 April 2019 - Risk and Audit Scrutiny Committee, 24 April 2019
- ◆ Internal Audit Activity as at 31 May 2019 - Risk and Audit Scrutiny Committee, 19 June 2019
- ◆ Internal Audit Activity as at 30 August 2019 – Risk and Audit Scrutiny Committee, 18 September 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:-

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Key audit performance indicators as at 31 October 2019

Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	14/18	78%	80%	All assignments over budget relate to older year audits closed in 2019/2020 where complexity of audit was under-estimated at the time of planning.
Draft reports delivered within 6 weeks of file review	5/5	100%	80%	
2019/2020 Audit Plan completed to draft by 31 March 2020	4/49	8%	100%	88% 2019/2020 Audit Plan is in progress and plans are in place to deliver this programme of work by 31 March 2020.
Internal Audit recommendations delivered on time	58/60	97%	90%	
Client to agree findings and actions within 4 weeks of draft issue	4/4	100%	80%	

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
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Prior Year – Assurance Reports

I676158	Planning Enquiry	31/03/2019	26/08/2019	Review of planning applications in response to a specific query. No evidence, in sample reviewed, to support concerns that had been raised.
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Current Year – Assurance Reports

I262087	General Ledger Data for 2018/2019	20/09/2019	20/09/2019	Provision of information to External Audit for purposes of the audit of financial accounts for year ended 31 March 2019.
I730046	Temporary Traffic Management Scrutiny Group 2019/20	02/10/2019	02/10/2019	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**External Clients**

I934101	SEEMiS Follow-up 2018/2019	10/09/2019	10/09/2019	Reported to SEEMiS.
I948109	IJB Internal Audit Annual Report	10/09/2019	10/09/2019	Reported to IJB.