

# Report

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Report to:	<b>Risk and Audit Scrutiny Forum</b>
Date of Meeting:	<b>13 June 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Internal Audit Activity as at 18 May 2018</b>
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## 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 18 May 2018

## 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 March 2018. This reported on work completed in the period 30 December 2017 to 2 March 2018. This report covers all work completed in the period 3 March to 18 May 2018. Performance information is also included.

## 4. Performance

4.1. As at 18 May 2018, approximately 24% of the 2018/2019 Audit Plan has been started. The other key performance indicators reflecting quality, on time and within budget for the period to 31 March 2018 are summarised in Appendix One together with explanations. 87% of draft reports have been issued on time and 82% 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. 85% 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. Forum members are asked to note performance.

## 5. Findings

5.1. Appendix Two lists all assignments completed in the period 3 March to 18 May 2018 and the key messages, in respect of the following significant assignment completed in this period, has been appended to this report:

- ◆ I341057 Community Empowerment Act (Appendix Three)

5.2. Forum 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 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 2018/2019 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. Employee Implications**

7.1. There are no employee issues.

## **8. Financial Implications**

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

## **9. Other Implications**

9.1. 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.

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

## **10. Equality Impact Assessment and Consultation Arrangements**

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

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

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

24 May 2018

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

- Achieve results through leadership, good governance and organisational effectiveness

## **Previous References**

- ◆ Internal Audit Plan 2018/2019 - RASF 21 March 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 March 2018**

**Appendix One**

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	65/79	82%	80%	
Draft reports delivered within 6 weeks of file review	80/92	87%	80%	
2017/2018 Audit Plan completed to draft by 31 March 2018	71/73	97%	100%	2 assignments outstanding as at 31 March 2018.
Internal Audit recommendations delivered on time	75/77	97%	90%	
Client to agree findings and actions within 4 weeks of draft issue	58/68	85%	80%	

Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
<b>Prior Year Assignments</b>				
I342043	Internal Controls (Planning)	06/12/2017	12/03/2018	Overall there was adequate assurance that the internal controls in place within the planning process are effective and robust. Actions have been recommended that, if implemented, will address the identified medium and low risk gaps and add value to the already established process.
I913056	SLLC Efficiency Savings Change Management	31/03/2017	19/04/2018	Reported to SLLC.
I517008	Web-payments Education	10/05/2016	30/04/2018	Participation in internal working group. Provision of advice and guidance as required.

<b>2017/2018</b>				
<b>Internal Audit - Assurance Reviews</b>				
I672125	Planning Complaint	05/03/2018	05/03/2018	No evidence obtained to substantiate the allegation. Within the applications reviewed there was no evidence that; procedures had not been followed, the appropriate bodies had not been consulted, that the decisions made on the applications were unreasonable or unfair or that preferential treatment had been given to the applicant.
I340056	CRC Audit 2017/18	14/03/2018	20/03/2018	Through the work of the Council's CRC Board, good controls are in place to report and make payments to the CRC Energy Efficiency Scheme. Compliance with the scheme requirements for Phase2

				Year3 have been met in full. The Evidence Pack, compiled in conjunction with STC, is complete and up-to date, providing evidence of full compliance with the scheme.
I410051	Follow Up User Verification	27/03/2018	28/03/2018	Good assurance with 5/5 actions implemented.
I250071	Procurement Practices	30/03/2018	30/03/2018	Development of reports to monitor procurement activity.
I411046	Informal Follow-up 2017/2018	23/03/2018	30/03/2018	Provided quarterly advance prompts of actions falling due. Collated responses monthly for reporting.
I341057	Community Empowerment Act	29/03/2018	19/04/2018	See Appendix Three.
I410052	Follow Up Debtors Cancellation	29/03/2018	20/04/2018	Adequate progress 4/5 actions completed and 1/5 partially completed.

<b>2017/2018</b>				
<b>Internal Audit – Other Output</b>				
I431045	PSIAS External Inspection 2017	14/03/2018	21/03/2018	Completion of external inspection. Reported to RASF 21 March 2018.
I810018	Audit Plan 2018/2019	21/03/2018	28/03/2018	Preparation and presentation of 2018/2019 Plan to RASF for endorsement.
I732030	Attend Chief Internal Auditors Group, Investigators Group and Computer Audit Sub-Group 2017/2018	23/03/2018	30/03/2018	Attended meetings throughout the year and responded to queries from other member Authorities.
I830020	Compliance Team Work 2017/2018	23/03/2018	30/03/2018	Supported work of Funding and Compliance.
I615105	Fraud Alerts 2017/2018	23/03/2018	30/03/2018	Dissemination of fraud alert information to Council Resources.
I612104	Continuous Controls Monitoring 2017/2018	23/03/2018	30/03/2018	Completion of programme of data downloads from main financial systems during 2017/2018 to

				inform audit sampling and provide management reports.
I616106	Fraud Risk Evaluation Diagnostic 2017/2018	30/03/2018	30/03/2018	Delivery of best practice actions.
I618123	Serious Organised Crime working group	23/03/2018	30/03/2018	Participation in internal working group. Provision of advice and guidance as required.
I640122	National Fraud Initiative (NFI) 2017	23/03/2018	30/03/2018	Facilitate and administer NFI exercise.
I670103	Whistle Blowing 2017/2018	23/03/2018	30/03/2018	Administration and dissemination of information to Council Resources.
I730035	Community Payback Order Working Group	23/03/2018	30/03/2018	Participation in internal working group. Provision of advice and guidance as required.
I730036	Historic Abuse Working Group	30/03/2018	30/03/2018	Participation in internal working group. Provision of advice and guidance as required.
I735031	Good Governance Group 2017/2018	23/03/2018	30/03/2018	Attended as required, researched, prepared written advice where necessary, completed actions.
I256073	Roads Scrutiny Group 2017/2018	31/03/2018	31/03/2018	Participation in Council-wide contract scrutiny groups throughout the year and provision of assurance surrounding the robustness of the process at each stage.
I731037	Information Governance Board	31/03/2018	31/03/2018	Attended as required, researched, prepared written advice where necessary, completed actions and reported on progress throughout the year.

**2017/2018****External Clients**

I911088	SLLC General Data Protection Regulations Assessment 2017/2018	27/03/2018	27/03/2018	Reported to SLLC.
I911074	SLLC Audit Planning 2018/2019	16/03/2018	30/03/2018	Reported to SLLC.
I923077	LVJB Electoral Register Check	11/04/2018	27/04/2018	Reported to LVJB.



**Objective**

To provide assurance that South Lanarkshire Council is complying with all the relevant parts of the Community Empowerment (Scotland) Act 2015.

**Key Summary**

The Scottish Government is committed to improve outcomes for local communities and the various strands of the Community Empowerment Act seeks to facilitate this objective. The Council has developed a range of measures to ensure compliance with the Act.

Major challenges lie ahead to deliver the outcomes for local communities that the Act seeks to deliver.

**Identification of Key Findings**

- Legal Services provided a 'position statement summary' for adoption of the relevant parts of the Act across the Council
- The Scottish Government's National Outcomes have been incorporated within the Council's Local Outcomes Improvement Plan (LOIP)
- The LOIP published in October 2017 meeting the Act 'deadline'
- Nine Council areas identified for future Neighbourhood (locality) Plans
- Work in progress within three 'pilot' Neighbourhood Plan areas
- Three Participation Requests received in 2017 and Annual Report being prepared for June 2018
- The Council's Asset Database available for public consumption on the website
- Detailed process for evaluating and supporting Asset Transfer Requests in operation
- The Community Planning Partnership Risk Register under review and update
- Impact of the Community Empowerment Act considered in the Good Governance Action Plans over the last couple of years.

**Good Practice**

- The Public Assets database - "Storybook" on the Council's website.