

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	26 January 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 7 January 2022
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Committee on progress by, and performance of, the Internal Audit service in the period to 7 January 2022

2. Recommendation(s)

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

- (1) that progress and performance 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 November 2021 and reported on work completed in the period 28 August to 29 October 2021. This report covers all work completed in the period 30 October 2021 to 7 January 2022. Performance information is also included.

4. Delivery of the 2021/2022 Internal Audit Plan: Progress and Performance

4.1. As at 7 January 2022, 98% of the 2021/2022 Audit Plan is in progress. 28% of assignments have been completed to draft report stage and a further 19% relate to those that are closed at financial year end. Work to complete the remaining 53% of the 2021/2022 Audit Plan continues and arrangements are in place to conclude these assignments by 31 March 2022.

4.2. Key performance indicators reflecting quality, on time and within budget for the period to 30 November 2021 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 4 weeks of the issue of a draft report against a target set of 80%.

4.4. Members are asked to note progress and performance.

5. Findings

- 5.1. Appendix 2 lists all assignments completed in the period 30 October 2021 to 7 January 2022 together with a summary of overall assurances from each area of work.
- 5.2. Members are asked to note the findings set out in Appendix 2.

6. Glasgow City Region City Deal – Internal Audit Plan 2021/2022

- 6.1. Members will be aware South Lanarkshire Council forms part of the Glasgow City Region City Deal and that this programme is funding a range of capital projects within South Lanarkshire. Similar to the Council's own governance arrangements, an Internal Audit Plan of work is completed each year reviewing governance, risk management and internal control arrangements within the Glasgow City Region City Deal programme. This Internal Audit Plan is delivered by Glasgow City Council and the findings are reported to the Glasgow City Region Cabinet. In addition, reports are presented to a separate Audit Group which South Lanarkshire Council attends.
- 6.2. During the December 2021 Cabinet meeting it was suggested that Audit Committees within member authorities should have sight of the City Deal audit reports. To address this point within South Lanarkshire, activity reports to the Committee will now periodically include the audit reports presented to the Cabinet.
- 6.3. A link to the most recent report on Business Continuity and Resilience that was presented to the Cabinet in December 2021 can be found [here](#). Relevant actions within this report for South Lanarkshire Council are as follows:-
 - ◆ specific detail should be added to the Business Continuity Plan (BCP) to reflect both the specific requirements of the City Deal Project and the updated guidance that was to be issued by the Programme Management Office
 - ◆ a periodic review of the BCP to be undertaken
- 6.4. Audit recommendations are followed up by Glasgow City Council as part of the Annual Audit Plan and progress with implementing recommendations are reported to the Cabinet. Where relevant, these actions will now also be added to South Lanarkshire Council's audit action database to ensure that these are implemented in full and on time.

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 will be evidenced by completion of the 2021/2022 Plan and will be monitored through the performance indicators reported to the Committee.

8. Employee Implications

- 8.1. There are no employee issues.

9. Financial Implications

- 9.1. A breakeven position for 2021/2022 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 implications for climate change, sustainability or the environment in terms of the information contained within 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. Normally these would be mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the Annual Plan. However, given the ongoing pandemic, these risks require particular consideration and the Audit Plan for 2021/2022 will remain under review. Any required amendments will be presented to the Committee for approval.
- 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

10 January 2022

Link(s) to Council Objectives/Improvement Themes/Values

- ◆ Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ 2021/2022 Internal Audit Plan – Six Months to 30 September 2021 – Risk and Audit Scrutiny Committee, 3 March 2021
- ◆ Internal Audit Activity as at 4 June 2021 – Risk and Audit Scrutiny Committee, 22 June 2021
- ◆ Internal Audit Activity as at 27 August 2021, Risk and Audit Scrutiny Committee, 15 September 2021
- ◆ Internal Audit Activity as at 29 October 2021, Risk and Audit Scrutiny Committee, 17 November 2021

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 30 November 2021

Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	18/18	100%	80%	
Draft reports delivered within 6 weeks of file review	19/19	100%	80%	
2021/2022 Audit Plan completed to draft by 31 March 2022	13/47	28%	100%	98% of the 2021/2022 Audit Plan has been started. Only 1 assignment remains to start and this is scheduled to begin in February 2022.
Internal Audit recommendations delivered on time	0/1	0%	90%	The original recommendation has been actioned. Responses are being followed up with Council Resources before the action is shown as complete.
Client to agree findings and actions within 4 weeks of draft issue	16/16	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
Previous Year				
I674174	Facility Theft	04/11/2021	04/11/2021	Of immaterial value. Follow up work now instructed to test revised controls.
I676186	Procedural review	04/11/2021	04/11/2021	Reviewed site visit note. No action required.
Current Year				
I710060	Passenger Transport Direct Award	21/09/2021	21/09/2021	Spreadsheets devised to assist with the direct award process.
I710062	Advice and Guidance - Mobile Phones	24/09/2021	24/09/2021	Provided advice and guidance around a revised interim process for mobile phone ordering process within Homecare. Procedures to be updated again to reflect post COVID-19 working arrangements.
I710065	Objective Workflows	13/10/2021	13/10/2021	Provision of advice and guidance around workflows within invoice authorisation process.
I710059	Advice and Guidance - BACs	03/11/2021	03/11/2021	Assurance provided on effectiveness of updated process controls.
I710063	Advice and Guidance - duplicate invoices	10/11/2021	10/11/2021	Agreed process for duplicate invoice checking which is under review as part of the implementation of Fusion.
I222107	LEADER Grant 2021/2022	12/11/2021	12/11/2021	Provision of LEADER audit certificate for the year to 15 October 2021.
I810031	Audit Plan 2021/2022	27/10/2021	17/11/2021	Preparation and presentation of second, six-monthly 2021/2022 Audit Plan to the Risk and Audit Scrutiny Committee for approval.

I250106	Contract analysis	14/12/2021	14/12/2021	Research for follow up contract audit work scheduled for 2022/2023.
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External Clients				
I929148	LVJB COVID Emerging Risks	12/05/2021	01/11/2021	Reported to LVJB
I932163	SEEMIS CCM 2020/2021	11/05/2021	01/11/2021	Reported to SEEMIS
I939155	SEEMIS COVID Emerging Risks	11/05/2021	01/11/2021	Reported to SEEMIS