

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	15 September 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Internal Audit Activity as at 27 August 2021
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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 27 August 2021

2. Recommendation(s)

2.1. The Committee 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 Committee throughout the year. The last progress report to the Committee was in June 2021 and reported on work completed in the period 13 February to 4 June 2021. This report covers all work completed in the period 5 June to 27 August 2021. Performance information is also included.

4. Delivery of the 2020/2021 Audit Plan: Progress and Performance

- 4.1. As at 27 August 2021, 70% of assignments from Phase 1 of the 2021/2022 Audit Plan have started with 20% completed to draft report stage. Much of the focus of the first quarter of the year has been in preparing annual assurance reports for South Lanarkshire Council and the 4 external clients to which the Council provides an internal audit service, in conjunction with supporting Council Services to disburse COVID-19 grants. These tasks have exceeded the original estimated days to complete and this has impacted on progress with other assignments that were anticipated to be concluded in the first 6 months of the year. Work to complete the first phase of the 2021/2022 Audit Plan continues and a full update, together with a proposed Plan for the remainder of the year, will be presented to Members at the next meeting of the Committee.
- 4.2. Key performance indicators reflecting quality, on time and within budget for the period to 30 June 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 four weeks of the issue of a draft report against a target set of 80%.

4.4. Members are asked to note performance

5. Findings

5.1. Appendix 2 lists all assignments completed in the period 5 June to 27 August 2021.

5.2. There were no significant audit assignments finalised for the Council in this period and Members are asked to note findings.

6. Progress against Strategy

6.1. 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.

6.2. Delivery of the strategy will be evidenced by completion of the 2021/2022 Plan and will be monitored through the performance indicators regularly reported to the Committee throughout the period.

7. Employee Implications

7.1. There are no employee issues.

8. Financial Implications

8.1. A breakeven position for 2021/2022 is forecast at 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, 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.

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

30 August 2021

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

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 June 2021**Appendix 1**

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	6/6	100%	80%	
Draft reports delivered within 6 weeks of file review	6/6	100%	80%	
2021/2022 Audit Plan completed to draft by 31 March 2022	6/30	20%	100%	70% of assignments from Phase 1 of the 2021/2022 Audit Plan have started. Work to complete the first phase of the 2021/2022 Audit Plan continues and a full update, together with a proposed Plan for the remainder of the year, will be presented to Members at the next meeting of the RASC.
Internal Audit recommendations delivered on time	n/a	n/a	90%	No actions fell due in the quarter to 30 June 2021.
Client to agree findings and actions within 4 weeks of draft issue	6/6	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
Previous Year				
I234101	Cash Checks	31/03/2021	22/06/2021	Financial control testing was originally intended to include a series of Cash Spot Checks in the year but this was not feasible during the ongoing pandemic. Instead, the time was used to integrate petty cash audit work into the CCM monitoring project. This work has now created a dashboard that can display how much petty cash has been spent by each unit, how often petty cash is topped up and whether VAT is being correctly recovered on purchases. This dashboard will now be used to inform visits in 2021/2022.
I216104	BACS Reconciliation	01/04/2021	22/06/2021	Work to review BACS payments tested 418,902 payments with a value of £1.367 billion over a three year period. The audit work reconciled payment data held in Oracle Payables to that of the BACs payments recorded in the external portal and were then ultimately paid. This reconciliation is now embedded within the continuous control monitoring (CCM) checks undertaken by Internal Audit on a four weekly basis. Work to review controls to

				prevent the creation and authorisation of fraudulent invoices will conclude audit work in this area and this will be included in the second, six-monthly Audit Plan in 2021/2022.
I821032	2020/21 Annual Assurance Report	03/06/2021	22/06/2021	Provision of annual statement of assurance.

External Clients				
I928187	LVJB 2020/2021 Annual Report	13/05/2021	09/06/2021	Reported to LVJB
I938180	SEEMIS 2020/2021 Annual Report	11/05/2021	17/05/2021	Reported to SEEMIS
I944160	IJB Follow Up	15/06/2021	15/06/2021	Reported to IJB
I942162	IJB Value for Money Stores Equipment	15/06/2021	15/06/2021	Reported to IJB