
NORTH AYRSHIRE COUNCIL

30 May 2023

Audit and Scrutiny Committee

Title: Internal Audit and Corporate Fraud Action Plans:
Quarter 4 update

Purpose: To advise the Audit and Scrutiny Committee on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 31 March 2023.

Recommendation: That the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those Services that have not implemented actions within the previously agreed timescales.

1. Executive Summary

- 1.1 The CIPFA document 'Audit Committee Principles in Local Authorities in Scotland' highlights that Audit Committees should monitor and review the progress made in implementing audit recommendations.
- 1.2 Service managers are responsible for ensuring that agreed actions arising from Internal Audit and Corporate Fraud reviews are implemented. This provides assurance that identified control weaknesses have been addressed and are being managed effectively.
- 1.3 All actions are monitored on the Pentana system and service managers are responsible for updating Pentana as they progress each action. This enables Internal Audit to monitor progress on a 'real-time' basis and address any delays in implementation.
- 1.4 This report details the position as at 31 March 2023.

2. Background

- 2.1 The last report to the Audit and Scrutiny Committee on 28 March 2023 highlighted that there were nine actions outstanding at the end of December 2022: eight that had not been started or were only partially implemented and one where the due date had not yet passed.

- 2.2 In addition to these nine carried forward actions, there have been 17 new actions agreed, giving a total of 26 action points for review.
- 2.3 Services have completed eight actions since the last report. All Council Services are required to retain evidence of work carried out in completing their actions and Internal Audit carries out 'spot-checks' on a sample of completed actions on an ongoing basis.
- 2.4 Of the remaining 18 actions, four were either not started or only partially complete at 31 March 2023 and the remaining 14 actions were not due for completion until after that date.
- 2.5 Appendix 1 to this report provides the Committee with full details of two of the actions that were not complete within the agreed timescales. In terms of Section 50 (A) 4 of the Local Government (Scotland) Act 1973, two of the outstanding action points are exempted from public inspection, on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

3. Proposals

- 3.1 It is proposed that the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those Services that have not implemented actions within the previously agreed timescales.

4. Implications/Socio-economic Duty

Financial

- 4.1 None.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 None.

Climate Change and Carbon

- 4.5 None.

Key Priorities

- 4.6 The effective implementation of agreed Internal Audit and Corporate Fraud actions helps to support the efficient delivery of the strategic priorities within the Council Plan 2019-2024.

Community Wealth Building

- 4.7 None.

5. Consultation

- 5.1 Council Services are consulted during the completion of each Internal Audit and Corporate Fraud review and have also provided updates on progress made in implementing action points.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk)**, on **01294 324524**.

Background Papers

None.

Actions due by 31st March 2023 but not started or partially complete

Code	IA2021PA013b	Description	Audit Action: Building Services should progress with the interface between the URM system and Integra to prevent double keying. Audit Finding: There has been no progress made in an invoice interface between URM and Integra. As a result, Building Services staff are double keying invoices. Risk: Increased risk of keying errors and inefficient use of staff time.		
Priority	3	Latest Note	There have been some delays with the development of a Creditor Payment interface. All information has now been received and agreed from both IT suppliers and we are now awaiting a suitable date to commence and complete the work – this will likely be quarter 2 of the new reporting year. New completion date 30th September 2023.		
Progress Bar	<div><div>50%</div></div>	Original Due Date	31-Dec-2021	Due Date	31-Jan-2023
Parent Code & Title	IA2021PA013 Building Services Systems			Managed By	Yvonne Baulk
				Assigned To	Leigh-Ann Mitchell; Jim Smith

Code	IA2023PA006b(2)	Description	<p>Audit Action: Services should revisit all agency staff transactions in 21/22 and assess whether these could have fallen within the scope of IR35. All decisions should be evidenced, and if deemed within the scope of IR35 appropriate corrective action should be taken.</p> <p>Audit Finding: IR35 is not being considered, evidenced, and applied consistently throughout the Council.</p> <p>Risk: Fines and penalties from HMRC for not correctly applying IR35 legislation.</p>		
Priority	1	Latest Note	This has been progressing - we identified Lynne Ferguson (Business Support) and Lee Thomson (Finance) to be the experts around IR35 and undertake the training, who could then be a point of contact for managers who were looking at engaging someone via an agency. 1 of the MH SMT has now completed the training. New completion date 31/5/23.		
Progress Bar	<div><div>50%</div></div>	Original Due Date	31-Oct-2022	Due Date	31-Mar-2023
Parent Code & Title	IA2023PA006 Off Payroll Working (IR35)			Managed By	Thelma Bowers
				Assigned To	Thelma Bowers