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# NORTH AYRSHIRE COUNCIL

12 January 2021

## Audit and Scrutiny Committee

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<b>Title:</b>	<b>Internal Audit Plan 2021-22</b>
<b>Purpose:</b>	To inform the Committee of the proposed Internal Audit plan for 2021-22.
<b>Recommendation:</b>	That the Committee (a) approves the Internal Audit plan for 2021-22 and (b) agrees the indicators and targets at 2.8.

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### 1. Executive Summary

- 1.1 This report brings forward the proposed Internal Audit Plan for 2021-22. A review has been carried out, including consultation with members of the Executive Leadership Team, to identify all service areas which will be subject to audit review.
- 1.2 The audit plan is risk-based and fully utilises the available resource of 710 productive audit days.

### 2. Background

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) / Institute of Internal Auditors (IIA) Public Sector Internal Audit Standards (PSIAS) require the preparation of a risk-based audit plan.
- 2.2 The PSIAS also requires that the plan should be based on a clear understanding of the organisation's functions and the scale of potential audit areas. The plan should be partly informed by consultation with key stakeholders. The Audit and Scrutiny Committee should approve the Internal Audit plan.
- 2.3 A review has been carried out to identify all areas within the Council that could potentially be subject to Internal Audit work. A number of sources of evidence have been used to identify all the auditable areas and to assess the risk or significance of each one:
  - consultation with members of the Executive Leadership Team (ELT);
  - review of the strategic and service risk registers;
  - review of the Council Plan;
  - key issues arising from the External Audit Report on the 2019-20 annual accounts;
  - review of other local authorities' Internal Audit plans; and
  - knowledge and experience of Internal Audit staff.

- 2.4 The risk or significance of each area has been assessed as high, medium or low. Where an area has been identified as having high risk or significance to the Council, Internal Audit will aim to review either all or part of this every 1 to 2 years. Areas of medium risk or significance will be reviewed every 3-4 years. Areas of low risk or significance are not routinely audited but are included in 'reserve lists' each year to be audited if the approved plan is completed or priorities change.
- 2.5 Due to the impact of the pandemic on the delivery of the 2020-21 audit plan, preparation of next year's plan has been brought forward and the plan will cover the slightly extended period from February 2021 to March 2022. Some of the audits in the 2020-21 plan have been carried forward and this approach will provide greater flexibility in the timing of the audits.
- 2.6 The total available audit time is estimated at 815 days. Productive audit time is estimated to be 710 days (87%) and non-productive time, covering management and administration, staff training and meetings, is estimated to be 105 days (13%).
- 2.7 Appendix 1 contains the detailed audit plan for 2021-22 and indicates when it is intended to commence each audit. This may be subject to some change depending on available resources and any requirement to carry out ad-hoc investigation work throughout the year. 20 of the 710 days have been set aside for contingencies.
- 2.8 In order to assist with tracking the performance of Internal Audit against the agreed plan, the undernoted indicators will be used. Performance against these indicators will be monitored quarterly and reported to the Audit and Scrutiny Committee as part of the Annual Report:

<b>Indicator</b>	<b>Target 2021-22</b>
Percentage of auditor time spent productively	87%
Training days per auditor	3.6
Audits complete in budgeted days	75%
Draft reports issued within 21 days of fieldwork completion	100%
Final reports issued within 14 days of agreement of action plan	100%

### **3. Proposals**

- 3.1 It is proposed that the Committee (a) approves the Internal Audit plan for 2021-22 and (b) agrees the indicators and targets at 2.8 above.

#### **4. Implications/Socio-economic Duty**

##### **Financial**

4.1 None.

##### **Human Resources**

4.2 None.

##### **Legal**

4.3 None.

##### **Equality/Socio-economic**

4.4 None.

##### **Environmental and Sustainability**

4.5 None.

##### **Key Priorities**

4.6 The work of Internal Audit 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 Consultation has taken place on an individual basis with the Executive Leadership Team during the preparation of the Internal Audit plan.

**Mark Boyd**  
**Head of Finance**

For further information please contact **Paul Doak, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294-324561**.

##### **Background Papers**

None.



Key Corporate Systems	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Procurement and Accounts Payable	Review a range of controls relating to Procurement and Accounts Payable.	15				✓	2020-21
VAT	Carry out a review of the Council's VAT arrangements.	15			✓		2016-17
General Ledger system	Review controls in the Integra GL system.	15			✓		2018-19
<b>TOTAL AUDIT DAYS</b>		<b>45</b>					

Other Systems	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Revenues and Benefits	Review a range of controls within Revenues and Benefits processes.	15	✓				2018-19
Museums and Heritage	Review the effectiveness of a range of controls within the Museums and Heritage service.	15	✓				-
Procurement of Educational supplies	Review controls around procurement within Education.	15	✓				2017-18
Agency staff and workers	Examine the Council's use of agency staff and workers.	15				✓	2019-20
Social Media	Review the use of Social Media by the Council.	15	✓				2017-18
CM2000 system	Audit system controls in the CM2000 care management system used by HSCP	20				✓	2018-19
Care Home Admissions Process	Review the care home admissions process.	20	✓				-
Community Alarms	Examine controls in relation to the Community Alarms service provided by the Health and Social Care Partnership.	15		✓			-
Sustainability payments to care providers	Provide assurance on the sustainability payments made to care providers by the Health and Social Care Partnership.	15	✓				-
Integration Joint Board audit days	Carry out audit work as agreed by the Performance and Audit Committee of the Integration Joint Board.	15				✓	2020-21
Transport - Journeys and Hires	Review controls in the Transport Hub in relation to transportation, with a particular focus on the use of taxis.	15	✓				2018-19
Waste - Recycling and Landfill Contracts	Examine controls in relation to recycling and landfill.	15	✓				2017-18
Funding support to businesses including external compliance	Consider the controls around the provision of funding support to local businesses.	20			✓		2016-17
Building Services - procurement (inc. sub-contrs and materials)	Review controls around procurement within Building Services.	15		✓			2017-18
Facilities Management - Overtime controls	Carry out a detailed review of controls around the authorisation and payment of overtime across Facilities Management.	15	✓				-
Facilities Management - Procurement	Review controls around procurement within Facilities Management.	15		✓			2017-18
PMI - CCTV in Council Buildings and Vehicles	Review the controls around the use of CCTV in Council vehicles and buildings.	20			✓		-
PMI - HRA Planned maintenance and reactive repairs	Consider the controls around the programme of planned maintenance and reactive repairs in the Housing Revenue Account.	15	✓				2015-16
<b>TOTAL AUDIT DAYS</b>		<b>290</b>					

ICT Auditing	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Network Controls	Review a range of controls within the Corporate network.	20		✓			2017-18
Cyber resilience	Review the Council's response to the threat of cyber attack, which has been identified as a key strategic risk to the organisation.	15	✓				2018-19
<b>TOTAL AUDIT DAYS</b>		<b>35</b>					

Governance	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Employee Services - Temporary Posts and Contracts	Examine controls around the use of temporary posts and temporary contracts across the Council	15	✓				-
Leavers and Movers processes	Review the controls around employees who move job within the Council, with a particular focus on access to personal and sensitive information.	20	✓				2018-19
HR - Workforce Planning (inc. VER/VR schemes)	Review the Council's workforce planning arrangements.	15		✓			2015-16
Ayrshire Growth Deal	Review the governance arrangements in North Ayrshire Council in relation to the Ayrshire Growth Deal.	20	✓				-
<b>TOTAL AUDIT DAYS</b>		<b>70</b>					

Performance Monitoring	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Performance Indicators	Provide assurance on the robustness and accuracy of a sample of performance information.	20		✓			2018-19
<b>TOTAL AUDIT DAYS</b>		<b>20</b>					

Regularity Audits	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Accounts Payable transaction testing	Use data analysis software to interrogate the HR/Payroll system and examine any anomalies which arise.	15		✓		✓	2020-21
Payroll transaction testing	Use data analysis software to interrogate the Accounts Payable system and examine any anomalies which arise.	15	✓		✓		2020-21
Secondary Schools	Review financial controls within the Council's secondary schools using self-assessment audit questionnaires and investigate any concerns which arise.	30				✓	2017-18
Social Care establishments	Review financial and other controls within a range of operational establishments managed by the Health and Social Care Partnership.	20			✓		2017-18
<b>TOTAL AUDIT DAYS</b>		<b>80</b>					

Following the Public Pound	Audit Objective	Days	Feb-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	10	as required				2020-21
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations.	2	as required				2020-21
<b>TOTAL AUDIT DAYS</b>		<b>12</b>					

Other Work	Audit Objective	Days	Feb- June	July- Sept	Oct- Dec	Jan- Mar	Last Audited
Other year audit work	Finalising audits from the 2020-21 audit plan that were not fully complete by the end of January 2021 or starting audits early from the 2022-23 audit plan.	20	✓			✓	2020-21
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	10	as required				2020-21
Audit consultancy: project work	Participating in project work to support developments in other council services.	25	as required				2020-21
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken.	15	as required				2020-21
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans.	20	as required				2020-21
Audit and Scrutiny Committee	Supporting the Council's Audit and Scrutiny Committee by preparing reports, attending meetings and delivering training for elected members as required.	25	as required				2020-21
Governance documents	Review of governance documents	2	as required				2020-21
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section.	5	as required				2020-21
Internal Audit self-assessment against PSIAS	Undertake a quality assurance programme for Internal Audit in line with the requirements of the Public Sector Internal Audit Standards (PSIAS).	2	as required				2017-18
Internal Audit EQA (assess or being assessed)	Participate in the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) review network for the external quality assessment programme.	10	as required				2017-18
Grant claims	Certification of expenditure funded by specific grants from external funding bodies	2	as required				2020-21
Annual Accounts	Work in relation to the Council's annual accounts, including stock counts, reviewing imprests and preparing the Annual Governance Statement.	2	✓				2020-21
<b>TOTAL AUDIT DAYS</b>		<b>138</b>					

<b>TOTAL PLANNED WORK</b>	<b>690</b>
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#### INTERNAL AUDIT RESERVE LIST

	Audit Objective	Days	Feb- June	July- Sept	Oct- Dec	Jan- Mar	Last Audited
School Funds	Review the management of school funds.	10					2015-16
Criminal Justice	Examine a range of controls within the Criminal Justice service.	15					2014-15
Eglinton Country Park	Carry out a review of controls at Eglinton Country Park.	15					2017-18
Education Maintenance Allowances (EMAs)	Review the administration of Education Maintenance Allowances.	10					-