
NORTH AYRSHIRE COUNCIL

17 November 2020

Audit and Scrutiny Committee

Title:	Internal Audit Plan 2020/21: Mid-year update
Purpose:	To provide an update at as 30 September 2020 on progress made in delivering the 2020/21 Internal Audit Plan.
Recommendation:	That the Committee (a) notes the mid-year position and (b) approves the deferral of six audits to the 2021/22 plan.

1. Executive Summary

- 1.1 The current Internal Audit Plan, covering the period April 2020 to March 2021, was approved by the Chief Executive under delegated powers in March 2020, following the cancellation of the Audit and Scrutiny Committee. The plan sets out the areas of work which Internal Audit intends to cover during the current financial year.
- 1.2 This report updates the Committee on the position at 30 September 2020. Due to the impact on service delivery of the Covid-19 pandemic, the plan will not be completed by the end of the financial year. This report also sets out the planned approach to rectify this.

2. Background

- 2.1 Appendix 1 to this report is the approved audit plan for 2020/2021. For each audit, additional information has been provided to show the actual activity to 30 September and for completed audits, dates when the final report was published and reported to the Audit and Scrutiny Committee.
- 2.2 As the information provided is at 30 September and the audit team has continued to work on delivering the plan, further progress has been made and some of the audits that were incomplete at that date have now been finalised and are reported to the Committee elsewhere on the agenda.
- 2.3 10 reports have been published during the first half of 2019/2020; 6 of these were from the 2018/19 plan and the remaining 4 have been completed from the current plan. A further 5 reports were at draft stage at 30 September, the last 2 remaining from the 2018/19 plan and 3 from 2019/20.

2.4 In line with good practice, the plan has been reviewed at the mid-point and a number of changes are proposed for various reasons – changes in the way services are delivered due to the pandemic resulting in a different risk level or making the timing of the audit impractical or less relevant, and the impracticality of carrying out audits which require physical site visits at the present time.

2.5 With Committee approval, the following audits will be deferred to the 2021/22 plan:

- State Aid
- Transformation Programme
- CCTV in Council buildings and vehicles
- Employee Services – payment of allowances
- Performance Indicators
- Social Care establishments

2.6 The 2021/22 plan will be prepared earlier than normal and brought to the January committee for approval – this will cover the period from February 2021 to March 2022 and will provide greater flexibility in carrying out the audits which are deferred from this year as well as the audits identified for next year's plan.

3. Proposals

3.1 It is proposed that Committee (a) notes the mid-year position and (b) approves the deferral of six audits to the 2021/22 plan.

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 The relevant Services are consulted on Internal Audit findings during each audit assignment. No additional consultation has been required in the preparation of this report.

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

Background Papers

None.

**NORTH AYRSHIRE COUNCIL
INTERNAL AUDIT PLAN 2020-2021**

PROGRESS REPORT at Quarter 2

PRODUCTIVE TIME - AUDIT PLAN

Key Corporate Systems	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
Accounts Receivable	Examine controls in the Accounts Receivable system	15	7	8	Fieldwork ongoing		
Procurement and Accounts Payable	Review a range of controls relating to Procurement and Accounts Payable.	20	3	17	Fieldwork ongoing		
Employee Services - HR/Payroll system and processes	Examine aspects of the control framework around the HR/Payroll system and associated processes.	15	0	15	Planned Q3		
TOTAL AUDIT DAYS		50	10				

Other Systems	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
Museums and Heritage	Review the effectiveness of a range of controls within the Museums and Heritage service.	15	2	13	Planned Q4		
Supply teachers	Examine the controls around the Council's use of supply teachers.	15	1	14	Planned Q3		
State Aid	Review the Council's compliance with State Aid regulations.	15	0	15	Audit deferred to 21/22	n/a	n/a
Transformation	Review the progress made through the Council's Transformation Programme and the outcomes from it.	20	0	20	Audit deferred to 21/22	n/a	n/a
Foster care/adoption/kinship carers payments	Carry out a review of fostering, adoption and kinship carer payments made by the Health and Social Care Partnership.	15	14	1	Draft report with Service	21/10/2020	17/11/2020
Aids and Adaptations (including Improvement grants)	Review controls within the Health and Social Care Partnership in relation to Aids and Adaptations.	15	1	14	Planned Q3		
Community Alarms	Examine controls in relation to the Community Alarms service provided by the Health and Social Care Partnership.	15	1	14	Planned Q4		
Integration Joint Board audit days	Carry out audit work as agreed by the Performance and Audit Committee of the Integration Joint Board.	15	0	15	Planned Q4		
Roads - procurement	Examine controls around procurement within the Roads section.	15	22	-7	Draft report with Service	20/10/2020	17/11/2020
Transport - Fuel controls	Consider the adequacy of controls around the storage and issue of fuel.	15	17	-2	Final report issued	24/09/2020	17/11/2020
Building services - Systems	Examine controls within the systems used by Building Services.	15	11	4	Fieldwork ongoing		
Facilities Management - Parent Pay system	Review the collection of income through the Parent Pay system.	15	1	14	Planned Q3		
PMI - CCTV in Council Buildings and Vehicles	Review the controls around the use of CCTV in Council vehicles and buildings.	20	1	19	Audit deferred to 21/22		
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	1	14	Planned Q4		
Sustainability	Review progress made through the Sustainability agenda in meeting Council and national outcomes.	15	0	15	Planned Q3		
TOTAL AUDIT DAYS		235	72				

ICT Auditing	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
ICT - Internet and e-mail Controls	Examine controls in relation to the new Microsoft Outlook e-mail system.	20	9	11	Fieldwork ongoing		
ICT - 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.	20	3	17	Planned Q4		
TOTAL AUDIT DAYS		40	12				

Governance	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
Information Governance and Data Protection	Review aspects of the Council's information governance and data protection arrangements.	20	11	9	Fieldwork ongoing		
Health and Safety	Review compliance with the Council's health and safety policies.	15	9	6	Fieldwork ongoing		
Employee Services - Payment of Allowances	Examine controls around the payment of allowances.	15	0	15	Audit deferred to 21/22	n/a	n/a
TOTAL AUDIT DAYS		50	20				

Performance Monitoring	Audit Objective	Planned Audit Days	Actual Days @ 30/09/19	Variance Fav / (Adv)	Current Progress @ 30/09/19	Final Report issued	Report to Audit and Scrutiny
Performance Indicators	Provide assurance on the robustness and accuracy of a sample of performance information.	20	1	19	Audit deferred to 21/22	n/a	n/a
TOTAL AUDIT DAYS		20	1				

Regularity Audits	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
Accounts Payable transaction testing	Use computer audit software to interrogate the Accounts Payable system and examine any anomalies which arise.	15	10	5	Final report issued	07/09/2020	17/11/2020
Payroll transaction testing	Use computer audit software to interrogate the HR/Payroll system and examine any anomalies which arise.	15	11	4	Draft report with Service	05/10/2020	17/11/2020
Social Care establishments	Review financial and other controls within a range of operational establishments managed by the Health and Social Care Partnership.	20	1	19	Audit deferred to 21/22	n/a	n/a
TOTAL AUDIT DAYS		50	22				

Following the Public Pound	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	10	2	8	As required	n/a	n/a
Community Funding	Examine the controls around funding support provided by the Council to a range of community groups.	15	14	1	Final report issued	08/09/2020	17/11/2020
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations.	2	0	2	As required	n/a	n/a
TOTAL AUDIT DAYS		27	16				

Other Work	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20
Prior year audit work	Completing audits from the previous year's audit plan that were not fully complete by the end of March 2020 or starting audits early from the 2021/22 audit plan.	20	33	-13	2 still at draft stage - FIOs and Remote Access
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	10	5	5	As required
Audit consultancy: project work	Participating in project work to support developments in other council services.	25	5	20	As required
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken.	15	2	13	As required
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans.	20	15	5	As required
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.	26	10	16	As required
Governance documents	Review of governance documents	2	2	0	As required
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section.	5	3	2	As required
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	0	2	As required
Grant claims	Certification of expenditure funded by specific grants from external funding bodies	2	0	2	As required
Annual Accounts	Work in relation to the Council's annual accounts, including stock counts, reviewing imprests and preparing the Annual Governance Statement.	2	4	-2	As required
TOTAL AUDIT DAYS		129	79		

TOTAL	PRODUCTIVE TIME - AUDIT PLAN	601	232
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PRODUCTIVE TIME - CONTINGENCIES AND INVESTIGATIONS

Special Investigations	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
Payroll overpayments	Small investigations relating to payroll overpayments reported to Internal Audit by Payroll		0		As required		
Community Association	Review the accounts of a Community Association		3		Fieldwork ongoing		
CIF application	Review the process around a CIF application		0		Fieldwork ongoing		

TOTAL	PRODUCTIVE TIME - CONTINGENCIES AND INVESTIGATIONS	20	3
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PRODUCTIVE TIME - RESERVE AUDITS

Reserve Audits	Audit Objective	Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)	Current Progress @ 30/09/20	Final Report issued	Report to Audit and Scrutiny
School Funds	Review the management of school funds.	10	0	10			
Criminal Justice	Examine a range of controls within the Criminal Justice service.	15	0	15			
Planning and Building Control income	Carry out a review of planning and building control income.	10	11	-1	Final report issued	08/09/2020	17/11/2020
HR - Maximising Attendance	Review compliance with maximising attendance policies.	10	0	10			
Eglinton Country Park	Carry out a review of controls at Eglinton Country Park.	15	0	15			
Education Maintenance Allowances (EMAs)	Review the administration of Education Maintenance Allowances.	10	0	10			

TOTAL	PRODUCTIVE TIME - RESERVE AUDITS	0	11
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NON-PRODUCTIVE TIME

		Planned Audit Days	Actual Days @ 30/09/20	Variance Fav / (Adv)
Management		18	13	5
Administration		26	19	7
Meetings		32	12	20
Training		18	14	4

TOTAL	NON-PRODUCTIVE TIME	94	58
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TOTAL DAYS	715	304
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	ANNUAL BUDGET	ACTUAL to 30/09/20
PRODUCTIVE DAYS	621 87%	246 81%
NON-PRODUCTIVE DAYS	94 13%	58 19%
TOTAL DAYS	715 100.0%	304 100.0%