NORTH AYRSHIRE COUNCIL

12 November 2019

Audit and Scrutiny Committee

Title:	**Internal Audit Plan 2019/20: Mid-year update**
Purpose:	To provide an update at as 30 September 2019 on progress made in delivering the 2019/20 Internal Audit Plan.
Recommendation:	That the Committee (a) notes the mid-year position and (b) approves the withdrawal of two audits from the plan.

1. Executive Summary

1.1 The current Internal Audit Plan, covering the period April 2019 to March 2020, was approved by the Audit and Scrutiny Committee in March 2019. 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 2019. The plan is on track for completion by the end of the financial year and it is recommended that two audits are removed from the previously approved plan.

2. Background

2.1 Appendix 1 to this report is the approved audit plan for 2019/2020. For each audit, additional information has been provided to show the actual activity to 30 September and for competed 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 12 reports have been published during the first half of 2019/2020; 10 of these were from the 2018/19 plan and the remaining 2 have been completed from the current plan. A further 6 reports were at draft stage at 30 September, 10 audits were being worked on and the remaining audits are scheduled during quarters 3 and 4.

2.4 In line with good practice, the plan has been reviewed at the mid-point and it is proposed that two audits are withdrawn from the approved plan. The first relates to Welfare Reform and Universal Credit; during initial work to identify the key risks for the Council it became clear that this could be covered within the Housing Rents audit. The second relates to Property Asset Management, where it has been identified that the key risk areas have been reviewed during other recent audit work.

2.5 5 of the 12 audits published during the first half of 2019/20 (42%) have been completed within the budgeted days. This is significantly below the target of 75%. This reflects the completion of individual audit assignments rather than the audit plan as a whole which is on track for completion at the end of 2019/20; other work which has been under budget has compensated. Most of the audits which have been over budget have only been marginally so, although significant additional work was carried out to finish audits of Community Based Support and Regeneration from the 2018/19 plan. Recent changes have been made to the format of the audit report and it is anticipated this will increase the proportion of audits completed within the budgeted time.

2.6 The 'cost per productive audit day' cannot be calculated until the closure of the annual accounts and so was not included within the 2018/19 annual report to Committee in May. This has now been calculated for 2018/19 as £264.77; in 2017/18 the equivalent cost per day was £261.19. This represents a marginal increase of 1%, in comparison to a pay award for 2018/19 of 3.5%. The costs have reduced significantly in recent years.

3. Proposals

3.1 It is proposed that Committee (a) notes the mid-year position and (b) approves the withdrawal of two audits from the 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 (Internal Audit, Risk and Fraud),** on **01294-324561**.

Background Papers
None.

NORTH AYRSHIRE COUNCIL
INTERNAL AUDIT PLAN 2019-2020

PROGRESS REPORT at Quarter 2

PRODUCTIVE TIME - AUDIT PLAN

Key Corporate Systems	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
Procurement and Accounts Payable	Review controls within the Procurement and Accounts Payable section.	15	21	-6	Draft report with Service		
Treasury Management	Examine the Council's treasury management arrangements.	10	4	6	Fieldwork ongoing		
General Ledger	Review controls in the new Integra GL system.	15	0	15	Planned Q4		
TOTAL AUDIT DAYS		**40**	**25**				

Other Systems	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
Licensing	Review processes within the Licensing section.	20	5	15	Fieldwork ongoing		
Welfare Reform / Universal Credit	Examine controls in relation to Universal Credit	15	1	14	Audit recommended for withdrawal		
Better Off North Ayrshire programme	Review the use of the Better Off North Ayrshire funding.	20	16	4	Draft report with Service	02/10/2019	12/11/2019
Residential Placements (Education/HSCP)	Review the use of placements within other authorities, residential schools or private educational establishments.	20	24	-4	Draft report with Service		
Music Tuition	Review controls in relation to the charging for music tuition	10	10	0	Finalised	16/09/2019	12/11/2019
SEEMIS/Click and Go	Examine the system controls within the SEEMIS/Click and Go system.	15	1	14	Fieldwork ongoing		
Agency staff and workers	Examine the Council's use of agency staff and workers.	15	15	0	Draft report with Service		
Kelio	Review system controls in the Kelio time management system	15	18	-3	Draft report with Service		
Capital Monitoring	Examine the effectiveness of the Council's capital monitoring arrangements.	15	0	15	Planned Q4		
Financial Intervention Orders/Corporate Appointeeships	Review the administration of Financial Intervention Orders and Corporate Appointeeships within the Health and Social Care Partnership.	15	0	15	Planned Q3		
Self Directed Support	Review the use of 'Self Directed Support' to provide assurance that appropriate controls are in place and operating effectively.	15	14	1	Fieldwork ongoing		
Carefirst system	Examine the use of the Carefirst system by the Health and Social Care Partnership.	20	0	20	Planned Q4		
Integration Joint Board audit days	Carry out audit work within the Health and Social Care Partnership as agreed by the Performance and Audit Committee of the Integration Joint Board.	15	0	15	Planned Q3		
Transport Hub (inc. Fleetwave system; vehicle replacement)	Review controls in the Transport Hub with a particular focus on the sale and replacement of vehicles.	15	16	-1	Finalised	20/08/2019	12/11/2019
Commercial Refuse service	Examine controls in the commercial refuse service.	15	0	15	Planned Q4		
Housing Rents income and arrears (inc. iWorld system)	Examine a range of controls within Housing.	15	11	4	Fieldwork ongoing		
Property Asset Management (inc. system; maintenance + repairs)	Review the Council's property asset management arrangements.	15	0	15	Audit recommended for withdrawal		
Housing improvement grants	Examine the use of Housing Improvement Grants	15	0	15	Planned Q4		
TOTAL AUDIT DAYS		**285**	**131**				

ICT Auditing	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
IT assets	Review controls over a range of ICT assets.	20	1	19	Fieldwork ongoing		
Telecommunications	Review a range of controls in relation to Agile Working across the Council, including remote and wireless access to networks and systems.	20	0	20	Planned Q4		
TOTAL AUDIT DAYS		**40**	**1**				

Governance	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
Code of Corporate Governance	Examine compliance with aspects of the Code of Corporate Governance.	15	4	11	Fieldwork ongoing		
Information Governance and Data Protection	Review aspects of the Council's Information Management and Data Protection arrangements.	20	0	20	Planned Q4		
Workforce Planning (inc. VER/VR schemes)	Review the Council's workforce planning arrangements.	15	0	15	Planned Q3		
TOTAL AUDIT DAYS		**50**	**4**				

Regularity Audits	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
Accounts Payable transaction testing	Use computer audit software to interrogate the Accounts Payable system and examine any anomolies which arise.	15	8	7	Fieldwork ongoing		
Payroll transaction testing	Use computer audit software to interrogate the HR/Payroll system and examine any anomolies which arise.	15	13	2	Draft report with Service		
TOTAL AUDIT DAYS		**30**	**21**				

Following the Public Pound	Audit Objective	Planned Audit Days	Actual Days @ 30/09/19	Variance Fav / (Adv)	Current Progress @ 30/09/19
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	10	5	5	As required
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations.	2	3	-1	As required
TOTAL AUDIT DAYS		**12**	**8**		

Other Work	Audit Objective	Planned Audit Days	Actual Days @ 30/09/19	Variance Fav / (Adv)	Current Progress @ 30/09/19
Prior year audit work	Completing audits from the previous year's audit plan that were not fully complete by the end of March 2019 or starting audits early from the 2020/21 audit plan.	20	42	-22	All 2018/19 audits complete during Q1 - see note at para 2.5
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	10	4	6	As required
Audit consultancy: project work	Participating in project work to support developments in other council services.	30	12	18	As required
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken.	15	4	11	As required
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans.	20	13	7	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.	25	16	9	As required
Governance documents	Review of governance documents	2	1	1	As required
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section.	5	6	-1	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	1	1	As required
TOTAL AUDIT DAYS		**133**	**99**		

TOTAL	**PRODUCTIVE TIME - AUDIT PLAN**	**590**	**289**

PRODUCTIVE TIME - CONTINGENCIES AND INVESTIGATIONS

Special Investigations	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
Payroll overpayments	Small investigations relating to payroll overpayments reported to Internal Audit by Payroll		1		As required		
Community Association	Review the accounts of a Community Association		2		Fieldwork ongoing		

TOTAL	**PRODUCTIVE TIME - CONTINGENCIES AND INVESTIGATIONS**	**20**	**3**

PRODUCTIVE TIME - RESERVE AUDITS

Reserve Audits	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
Library and Information service	Review a range of controls within the Library and Information service.	15	0	15			
Burials and Bereavements	Review a range of controls within the Burials and Bereavements team.	10	0	10			
Additional Special Needs schools	Review controls within the Council's additional special needs schools establishments.	15	3	12	Fieldwork ongoing		
TOTAL	**PRODUCTIVE TIME - RESERVE AUDITS**	**40**	**3**				

NON-PRODUCTIVE TIME

		Planned Audit Days	Actual Days @ 30/09/19	Variance Fav / (Adv)	Current Progress @ 30/09/19
Management		16	8	8	On target - no concerns identified
Administration		22	13	9	On target - no concerns identified
Meetings		36	15	21	On target - no concerns identified
Training		18	9	9	On target - no concerns identified
TOTAL	**NON-PRODUCTIVE TIME**	**92**	**45**		
TOTAL DAYS		**702**	**340**		

	ANNUAL BUDGET		ACTUAL to 30/09/19	
PRODUCTIVE DAYS	610	87%	295	87%
NON-PRODUCTIVE DAYS	92	13%	45	13%
TOTAL DAYS	**702**	**100.0%**	**340**	**100.0%**