
NORTH AYRSHIRE COUNCIL

14 November 2023

Audit and Scrutiny Committee

Title: Internal Audit Plan 2023/24: Mid-year Update

Purpose: To provide an update on progress made in delivering the 2023/24 Internal Audit Plan.

Recommendation: That the Committee (a) notes the current position with the 2023/24 internal audit plan, (b) approves the inclusion of one additional audit review in 2023/24, and (c) approves the deletion or deferral of four audits for consideration as part of the 2024/25 internal audit plan.

1. Executive Summary

- 1.1 The current Internal Audit Plan for 2023/24 was approved by the Audit and Scrutiny Committee in March 2023. The plan sets out the areas of work which Internal Audit intends to cover during the year.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) recognise that it is good practice to regularly review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 1.3 Some amendments are proposed to the internal audit plan for 2023/24 and these are detailed within this report and Appendix 1.

2. Background

- 2.1 Appendix 1 to this report is the approved audit plan for 2023/2024. For each audit, additional information has been provided to show the actual activity to 30 September 2023 and, for completed audits, dates when the final report was published and reported to the Audit and Scrutiny Committee.
- 2.2 In line with good practice, the plan should be reviewed during the year in light of experience gained from audit work carried out, emerging risks to the Council and the changing environment in which audit work is carried out.
- 2.3 With Committee approval, a review of aids and adaptations is proposed for inclusion in the 2023/24 internal audit plan. During consultation with the service it was highlighted that a number of improvements to the processes and procedures have been

implemented following the previous review in 2020/21, and this would benefit from a timely review by internal audit to ensure new controls are operating as intended.

2.4 With Committee approval, the following audits will be deleted or deferred for consideration as part of the 2024/25 plan:

- Pupil Equity Funding – this audit was originally scheduled for quarter four of 2023/24. The service highlighted a number of additional controls which have been implemented as part of the year end reporting process, and therefore this review would be best carried out in early 2024/25 when the year end process can be included in the scope.
- Self-Directed Support – a learning review has been carried out within the service and an action plan is being implemented following recommendations made as part of the review. The internal audit review is being deferred to allow current progress to continue within the service.
- Employability – detailed audit work commenced in July 2023 and it was identified that the risks which were present at the initial audit planning phase in January 2023 were now significantly reduced. The review would therefore not represent a good use of internal audit or service resource.
- ICT information security management – significant internal audit work is continuing to be carried out around the cyber security framework, with the framework being used as the source of the audit testing to ensure compliance. This is leading to new areas of coverage around cyber security which is taking longer to complete than anticipated. It is proposed to defer information security management to 2024/25 to allow the remaining 2022/23 and 2023/24 reviews to be completed in full.

2.5 It should be noted that the remainder of the internal audit plan for 2023/24 remains challenging. Due to limited resource and capacity within the team to accommodate any additional reviews, any further amendments will need to be considered within the context of available resources.

3. Proposals

3.1 It is proposed that the Committee (a) notes the current position with the 2023/24 internal audit plan, (b) approves the inclusion of one additional audit review in 2023/24, and (c) approves the deletion or deferral of four audits for consideration as part of the 2024/25 internal audit 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.

Climate Change and Carbon

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 2023-2028.

Community Wealth Building

4.7 None.

5. Consultation

5.1 The relevant Services are consulted on Internal Audit findings during each audit assignment. Services have also been consulted on the proposed changes to the internal audit plan.

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.

**NORTH AYRSHIRE COUNCIL
INTERNAL AUDIT PLAN 2023-24**

PROGRESS REPORT at Quarter 2

Key Corporate Systems	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
Accounts payable	Review controls in place within a sample of services around their use of Procurement Cards	Scheduled Q4	
Financial resilience and viability	Review the arrangements and assumptions around medium and long term financial plans and strategies, tested against the CIPFA Financial Management Code	Complete	14/11/2023

Other Systems	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
HR/Payroll systems	Review the controls within the Education network for leavers and movers	Work in progress	
Capital Monitoring	Examine the effectiveness of the Council's capital monitoring arrangements	Scheduled Q4	
HR/Payroll policies and procedures	Review the Council's workforce planning arrangements	Scheduled Q3	
Supply teachers	Review new system and associated procedure notes for the management and booking of supply teachers	Work in progress	
Pupil Equity Funding/ Closing the Attainment Gap	Review a sample of schools and ensure PEF spending is in accordance with plans, and there is a clear link between spend and closing the attainment gap	Propose to defer for consideration in 2024/25	
Transformation and Change Management	Review the Council's approach to transformation and its progress with best value	Scheduled Q3	
Self-Directed Support	Review the use of 'Self Directed Support' to provide assurance that appropriate controls are in place and operating effectively	Propose to defer for consideration in 2024/25	
Aids & Adaptations	Review the implementation of additional controls identified through the previous internal audit review of aids and adaptations in 2020/21	Propose adding to the plan and schedule Q4	
Carers Act	Review progress with the delivery of the requirements of the Carers (Scotland) Act 2016	Complete	14/11/2023
Community based support - Adults	Review controls in relation to Community based support, with a particular focus on Adults	Work in progress	
Integration Joint Board audit days	Carry out audit work as agreed by the Performance and Audit Committee of the North Ayrshire Integration Joint Board	Work in progress	
Employability	Review of European monies to ensure controls are in place for the full drawdown of ESF prior to the final closure of the programmes	Propose for deletion due to reduction in risk	
iPayImpact	Review the controls around the collection of income through the new iPayImpact online payment system for schools	Scheduled Q3	
Housing - rental income and arrears	Examine a range of controls within Housing with a focus on the processes for the management of rent arrears	Scheduled Q4	
Property Asset Management	Review the Council's property asset management arrangements focussing on the Property Lifecycle Investment fund	Scheduled Q3	
Waste	Consultancy assignment - participation in an advisory capacity in the comprehensive review of Waste Management	Scheduled Q3	
Sustainability & Climate Change	Consultancy assignment - provide real-time advice and feedback on the 4th Environmental Sustainability & Climate Change Strategy	Work in progress	

ICT Auditing	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
ICT - information security management	Utilising the Scottish Government's cyber resilience framework, review controls around information security management	Propose to defer for consideration in 2024/25	
ICT - access control	Utilising the Scottish Government's cyber resilience framework, review controls around access	Scheduled Q4	
ICT - environmental and physical security	Utilising the Scottish Government's cyber resilience framework, review controls around physical and environmental security	Scheduled Q4	
ICT - business continuity	Utilising the Scottish Government's cyber resilience framework, review controls around business continuity in the event of a cyber incident	Work in progress	

Governance	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
Code of Corporate Governance	Review aspects of the Council's arrangements for completion of the Delivering Good Governance Framework	Scheduled Q3	
Ayrshire Growth Deal	Review the arrangements in North Ayrshire Council in relation to the Ayrshire Growth Deal revenue projects	Work in progress	
Community Planning	Community keyholding arrangements	Work in progress	

Regularity Audits	Audit Objective	Current Progress @ 30/09/23	Reported to Audit and Scrutiny
Accounts Payable Transaction Testing	Use data analysis software to interrogate the Accounts Payable system and examine any anomalies which arise.	Work in progress - Q2 complete, Q4 scheduled	14/11/2023
Payroll Transaction Testing	Use data analysis software to interrogate the HR/Payroll system and examine any anomalies which arise.	Scheduled Q3	
Early Years Centres	Review financial and other controls within the Council's stand alone Early Years Centres	Scheduled Q3	

Following the Public Pound	Audit Objective	Current Progress @ 30/09/23
Community Funding	Examine the controls around funding support provided by the Council to a range of community groups	Scheduled Q3
Regeneration Delivery Plan and Funding	Review of Place-based investment programmes and funding streams	Scheduled Q4
Community Councils	Annual audit of Community Councils accounts' to ensure Council funding is used in accordance with the Council's Scheme of Administration.	Ongoing
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations	Complete

Other Work	Audit Objective	Current Progress @ 30/09/23
Prior year audit work	Finalising audits from the 2022-23 audit plan that were not fully complete by the end of March 2023	Ongoing
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	Ongoing
Audit consultancy: project work	Participating in project work to support developments in other council services	Ongoing
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken	Ongoing
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans	Ongoing
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	Ongoing
Governance documents	Review of governance documents (e.g. Codes of Financial Practice)	Ongoing
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section	Ongoing
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)	Ongoing
Annual Accounts	Work in relation to the Council's annual accounts for preparing the Annual Governance Statement	Ongoing

Contingencies & Investigations	Audit Objective	Current Progress @ 30/09/23
Non-Fraud Investigations	Time allocated for unplanned non-fraud investigations arising during the year	As required