NORTH AYRSHIRE COUNCIL

08 March 2022

Audit and Scrutiny Committee

Title:	**Internal Audit Plan 2022-23**
Purpose:	To inform the Committee of the proposed Internal Audit plan for 2022-23.
Recommendation:	That the Committee (a) approves the Internal Audit plan for 2022-23 and (b) agrees the indicators and targets at 2.7.

1. Executive Summary

1.1 This report brings forward the proposed Internal Audit Plan for 2022-23. 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 615 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 2020-21 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 The total available audit time is estimated at 710 days. Productive audit time is estimated to be 615 days (87%) and non-productive time, covering management and administration, staff training and meetings, is estimated to be 95 days (13%).

2.6 Appendix 1 contains the detailed audit plan for 2022-23 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. Twenty of the 615 days have been set aside for contingencies.

2.7 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:

Indicator	Target 2022-23
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 2022-23 and (b) agrees the indicators and targets at 2.7 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.

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

Background Papers
None.

Key Corporate Systems	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Income collection	Carry out a review of the controls within the new Civica Pay income collection system.	20				✔	2018-19
Employee Services - HR/Payroll system and processes	Review a range of controls relating to the CHRIS21 payroll system.	30			✔		2017-18
TOTAL AUDIT DAYS		**50**					

Other Systems	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Museums and Heritage	Review the effectiveness of a range of controls within the Museums and Heritage service.	15			✔		-
Early years provision	Review the service arrangements for payments to private nurseries	15			✔		-
Glow	Review the Council's compliance with Education Scotland Guidance on the use of Glow	15				✔	-
Agency staff and workers	Examine the Council's use of agency staff and workers.	15	✔				2019-20
Transformation	Review the Council's approach to transformation and its progress with best value	20				✔	-
Residential placements (HSCP/Education)	Review the use of placements within other authorities, residential schools or private educational establishments.	15				✔	2019-20
Social Services Clients - financial assessments	Consider the financial assessment process carried out for Health and Social Care Partnership clients by the Finance team.	15		✔			2017-18
Integration Joint Board audit days	Carry out audit work as agreed by the Performance and Audit Committee of the Integration Joint Board.	15				✔	2021-22
Roads - stores control	Examine the controls within the Roads materials store.	15		✔			2018-19
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
Building Services - procurement (inc. sub-conts and materials)	Review controls around procurement within Building Services.	15	✔				2017-18
Facilities Management - Procurement	Review controls around procurement within Facilities Management.	15	✔				2017-18
Scottish Housing Regulator	Review the governance arrangements around the Annual Assurance Statement	15		✔			-
PMI - commercial and industrial rents	Review the governance arrangements and processes around commercial and industrial property rentals.	20		✔			2018-19
TOTAL AUDIT DAYS		**220**					

ICT Auditing	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
ICT network controls	Review a range of controls within the corporate network	20	✔				2017-18
ICT assets	Review controls over a range of ICT assets.	20			✔		2019-20
TOTAL AUDIT DAYS		**40**					

Governance	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Risk management	Review the Council's approach to risk management and risk control	15		✔			-
HR - Workforce Planning (inc. VER/VR schemes)	Review the Council's workforce planning arrangements.	15				✔	2015-16
Gifts and hospitality	Examine compliance with the Council's guidance on Gifts and Hospitality within the Employee Code of Conduct.	10	✔				2017-18
Locality Planning/CPP	Review the Council's approach to locality planning	15				✔	-
TOTAL AUDIT DAYS		**55**					

Regularity Audits	Audit Objective	Days	Apr-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 anomolies which arise.	15		✔		✔	2021-22
Payroll transaction testing	Use data analysis software to interrogate the Accounts Payable system and examine any anomolies which arise.	15	✔		✔		2021-22
Primary Schools (incl ASN School)	Review financial controls within the Council's primary and ASN schools using self-assessment audit questionnaires and investigate any concerns which arise.	30			✔		2021-22
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
TOTAL AUDIT DAYS		**80**					

Following the Public Pound	Audit Objective	Days	Apr-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			2021-22
Tenants and Residents Associations	Annual audit of the accounts of various Tenants and Residents Associations.	2		as required			2020-21
TOTAL AUDIT DAYS		**12**					

Other Planned Audit Work	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Other year audit work	Finalising audits from the 2021-22 audit plan that were not fully complete by the end of March 2022 or starting audits early from the 2022-23 audit plan.	20	✔			✔	2021-22
Audit consultancy: ad-hoc advice	Providing advice to council services in response to ad-hoc queries	10		as required			2021-22
Audit consultancy: project work	Participating in project work to support developments in other council services.	25		as required			2021-22
Follow-up	Follow up of previous audit reports to ensure that appropriate action has been taken.	15		as required			2021-22
Audit planning and monitoring	Preparing audit plans and monitoring progress and performance against plans.	20		as required			2021-22
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			2021-22
Governance documents	Review of governance documents	2		as required			2021-22
Development of the Audit service	Carry out developmental work to further enhance the efficiency of the audit section.	5		as required			2021-22
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			2021-22
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			✔		2017-18
Grant claims	Certification of expenditure funded by specific grants from external funding bodies	2		as required			2021-22
Annual Accounts	Work in relation to the Council's annual accounts, including stock counts, reviewing imprests and preparing the Annual Governance Statement.	2	✔				2021-22
TOTAL AUDIT DAYS		**138**					

TOTAL PLANNED WORK			**595**	

Contingencies & Investigations	Audit Objective	Days	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Last Audited
Non-Fraud Investigations		20		as required			2021-22
TOTAL AUDIT DAYS		**20**					

TOTAL AUDIT PLAN 2022-23			**615**	