

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 6 November 2024**

Subject: Internal Audit Plan 2024/25 – Midyear Review

1. Purpose

- 1.1 The purpose of this report is to seek approval for a revision to the 2024/25 Internal Audit plan.

2. Recommendation

- 2.1 **It is recommended that the Panel approves the revised 2024/25 Internal Audit plan.**

3. Background

- 3.1 The 2024/25 Internal Audit plan was approved by the Audit and Governance Panel on 20 March 2024.
- 3.2 The audit plan is flexible, and the Chief Internal Auditor is required to continually reassess and amend the audit plan throughout the year and where changes are taking place around emerging risks and the environment in which audit work is carried out.
- 3.3 In line with Public Sector Internal Audit Standards (PSIAS), the changes to the plan require communication to the Panel for review and approval.

4. Proposals

- 4.1 The 2024/25 Internal Audit Plan approved by the Panel on 20 March 2024 included 628 available audit days. It is proposed to amend the number of available audit days estimated in the approved plan to 613. This is required due a higher number of days being required for sickness absence in the first six months of the year than estimated at the time of audit planning.
- 4.2 It is proposed that this 15 day adjustment is made by removing one follow up assignment from the 2024/25 plan and one prior year assignment.
- 4.2.1 Since approval of the 2024/25 plan and completion of outstanding 2023/24 audit assignments, it has been established that the follow up assignment, Participatory Budgeting (Assignment No. 27), planned for 2024/25 can no longer be completed within the current plan as the action implementation dates are outwith the plan year. Five days were allocated within the 2024/25 Internal Audit Plan for this assignment.

4.2.2 A total allocation of 55 days was included within 2024/25 Internal Audit Plan for the closure of prior year assignments (Assignment No. 36). This allocation includes 10 days for the 2023/24 assignment, Health and Social Care Partnership (HSCP) - Premises, which has not yet started. It is proposed that the allocation of time for this assignment is removed from the current audit plan and the assignment is added to the 2024/25 Reserve List for consideration should additional resources become available. Internal Audit is satisfied that risk in this area has been recognised in HSCP Strategic Risk Registers and actions to mitigate the risk are being progressed by the service. If it is not possible to complete this assignment in 2024/25 it will be considered for inclusion within the 2025/26 risk based Internal Audit Plan.

4.3 There have been no significant changes around emerging risks and the environment in which audit work is carried out so there are no further amendments required to the 2024/25 plan at this time.

4.4 It is proposed that the 15 days are removed from the following areas within the 2024/25 Internal Audit Plan:

Category	2024/25 Original Allocation (Days)	2024/25 Proposed Allocation (Days)	Proposed Change (Days)
Key Corporate Systems	45	45	
Governance/Best Value	70	70	
ICT Auditing	15	15	
Directorates/Other Systems	140	140	
Regularity	80	80	
Follow Up Reviews	37	32	-5
Other Entities	50	50	
Other Commitments	191	181	-10
Total of planned days	628	613	-15

4.5 Full details of the revised 2024/25 internal audit plan and the reserve list are presented in [Appendix 1](#) and [Appendix 2](#).

4.6 The revised internal audit plan is based on an assessment of risk in the audit areas. The consideration of risk should help ensure there is no limitation of scope which would have a negative impact on the provision of annual audit opinion at the year end. It should be noted that the estimation of days available for routine audit assignments may be subject to change should a large scale investigation requiring Internal Audit Resources arise or if there is long term sickness absence within the Internal Audit team.

4.7 The audit plan will continue to be reviewed throughout the remaining six months of the year and further changes will be brought to the panel for approval where required.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable.

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 The risk of the proposed changes to the 2024/25 Internal Audit Plan has been assessed by Internal Audit as low and will not impact on the ability of the Chief Internal Auditor to provide an independent opinion for the year ended 31 March 2025. There are no risks associated with adopting the recommendation.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Rejecting the recommendation could result in failure to comply with the Public Sector Internal Audit Standards (PSIAS) to communicate changes to the internal audit plan to the Panel for review and approval.

9. Equalities

9.1 The proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached at [Appendix 3](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme, strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this paper.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers [Internal Audit Plan 2024-25](#)

[Public Sector Internal Audit Standard](#)

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Date: 25 October 2024

PROPOSED INTERNAL AUDIT PLAN 2024/25

No	Audit Area	Objectives	Days in Approved Plan 20 March 2024	Proposed Days	Proposed Days - Total
Key Corporate Systems					
1	Main Accounts	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.	15	15	
2	HR & Payroll	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.	15	15	
3	Procurement	Follow up actions from 2023/24 audit work if required and obtain assurance controls are operating effectively.	15	15	45
Governance/Best Value					
4	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise.	10	10	
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2023/24 Assignment (if required). Review of contract management within the AGD programme.	20	20	
6	Governance and Best Value	Obtain assurance that adequate arrangements are in place for the use of consultancy services throughout the Council.	20	20	
7	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	20	20	70
ICT Auditing					
8	Access Controls	Obtain assurance that there are adequate controls in place over the employee access to Council networks, systems and devices within schools.	15	15	15
Directorates					
9	Health and Social Care Partnership	Financial Intervention Orders/Corporate Appointeeship - Review of the financial intervention orders/corporate appointeeship procedures to confirm carried out timeously.	15	15	

No	Audit Area	Objectives	Days in Approved Plan 20 March 2024	Proposed Days	Proposed Days - Total
10	Health and Social Care Partnership	CM 2000 review to confirm it meets expected objectives and that outputs from the system are reliable.	20	20	
11	Education	Review the use of Pupil Equity Fund (PEF) to confirm compliance with the conditions of the fund/national guidance.	15	15	
12	Strategic Change and Communities	Climate Change - scope to be agreed following development of national audit programme.	15	15	
13	Chief Executives (Human Resources)	Using Data analytics to confirm all employees have a current/valid Protection of Vulnerable Groups (PVG) Certificate in place where required.	10	10	
14	Housing Operations and Development	Review of Transport Management System post implementation to confirm it meets expected objectives.	20	20	
15	Housing Operations and Development	Review Performance information included in the Annual Return on the Charter (ARC).	15	15	
16	Housing Operations and Development	Review of Scottish Housing Regulator - Annual Assurance Statement.	20	20	
17	Housing Operations and Development	Obtain assurance that the new procedure for malicious damage invoices includes adequate controls and is operating effectively.	10	10	140
Regularity					
18	Continuous Auditing	Account Payables, Payroll and Debtors and develop the use of Continuous Audit throughout the Council.	40	40	
19	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	10	10	
20	Grants	Review of evidence to support Network Support Grant claim.	5	5	
21	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Social Work Locations.	10	10	

No	Audit Area	Objectives	Days in Approved Plan 20 March 2024	Proposed Days	Proposed Days - Total
22	Self-Assessment Checklist	Internal Control Self Assessment Toolkit - Management of the Annual Process - Schools.	10	10	
23	Stores	Obtain assurance that there are adequate controls in place to ensure Property Maintenance stock adjustments between the stock count and end and 31/3/2024 are correctly recorded.	5	5	80
Follow Up Reviews					
24	Directorates	Follow up of Actions from 2023/24 Audit Assignment - Waste Management.	7	7	
25	ICT Auditing	Follow up of Actions from 2023/24 Audit Assignment - Social Media.	5	5	
26	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - Systems Access Controls.	10	10	
27	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - Participatory Budgets.	5	0 (-5)	
28	Directorates	Follow up of Actions from 2023/24 Audit Assignment - Cash income at Leisure facilities.	5	5	
29	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - Procurement - Framework Agreements.	5	5	32
30	AVJB	Assignments approved by AVJB.	25	25	
31	IJB	Assignments approved by IJB.	25	25	50
Other					
32	Investigations	Allowance for investigations of irregularities.	25	25	
33	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups.	10	10	
34	Transformation Programme	Allocation of time to allow Internal Audit to provide advice & guidance and support to the Transformation Programme.	30	30	
35	Contingency	Contingency budget for unplanned commitments arising during the year.	20	20	

No	Audit Area	Objectives	Days in Approved Plan 20 March 2024	Proposed Days	Proposed Days - Total
36	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25.	55	45 (-10)	
37	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.	46	46	
38	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with PSIAS.	5	5	181
PROPOSED TOTAL AS AT MIDYEAR REVIEW					613

PROPOSED RESERVE LIST 2024/25

Rank*	Audit Area	Description	Estimated Days
1	HSCP- Premises	Confirm there are adequate arrangement in place to ensure the HSCP have adequate premises to provide services/operate its business	10 ¹
2	Service Redesign- PDS/SPP Service	Review of new processes/procedures to obtain they include adequate controls	20
3	Direct Awards (non-framework)	Review non framework Direct Awards to confirm compliance with the Council's Standing Orders Relating to Contracts	10
4	Asset Management/Community asset transfer	Review of asset management/ community asset transfer processes/procedures to ensure they include adequate controls to protect the Council for financial loss	20
5	Service Level Agreement	ARA - Obtain assurance of compliance with SLA, specifically in relation to performance reporting.	20
6	Rent Rebates/Rent Allowances	Obtain assurance that there are adequate anti-fraud controls around the award of rent rebates and rent allowances	15
7	Asset Management/Community asset transfer	Review of asset management/ community asset transfer processes/procedures to ensure they include adequate controls to protect the Council for financial loss	20

*Ranked in order of risk assessment

¹ Proposed transfer from the 2023/24 Internal Audit Plan

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Proposed Amendment to 2024/25 Internal Audit Plan
Lead Officer (Name/Position/Email)	Cecilia McGhee, Chief Internal Auditor - Cecilia.McGhee2@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	No
Disability	No	No
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	No
Religion or Belief (including lack of belief)	No	No
Sex – (issues specific to women & men or girls & boys)	No	No
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children's Rights	No	No

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	Low	Low
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	Low	Low
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	Low	Low
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	Low	Low
Socio-economic Background – social class i.e. parent’s education, employment and income	Low	Low

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	No
Advance equality of opportunity between people who share a protected characteristic and those who do not	No
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	No
Increase participation of particular communities or groups in public life	No
Improve the health and wellbeing of particular communities or groups	No
Promote the human rights of particular communities or groups	No
Tackle deprivation faced by particular communities or groups	No

5. Summary Assessment

<p>Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)</p>	<p>YES <input type="checkbox"/></p> <p>NO <input checked="" type="checkbox"/></p>
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Rationale for decision:

This report seeks approval of Members for a revision to the internal audit plan for 2024/25. Their decision on this has no specific equality implications.

Signed : Cecilia McGhee, Chief Internal Auditor

Date: 2 October 2024