

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 23 February 2022**

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**Subject: Revised Internal Audit Plan 2021/22**

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**1. Purpose**

1.1 The purpose of this report is to approval for a revision to the 2021/22 Internal audit plan.

**2. Recommendation**

**2.1 It is recommended that the Panel approves the revised 2021/22 Internal Audit plan.**

**3. Background**

3.1 The 2021/22 Internal Audit plan was approved by the Audit and Governance Panel on 24 March 2021.

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 addition to the continued challenges around COVID 19 working restrictions, resourcing issues for the internal audit service in 2021/22 have resulted in a substantial reduction in available internal audit days and impacted on the completion of the 2021/22 Internal Audit plan.

3.4 There have been various staff vacancies and long-term absences within Internal Audit this year. Following successful recruitment exercises, the new part-time Auditor post was filled on 29 November 2021 and the Chief Internal Auditor vacancy was filled on 13 December 2021. One Auditor remains on maternity leave until September 2022 and the Senior Auditor position became vacant on 23 January 2022. The recruitment process for the Senior Auditor's post has started however there remains a gap in the resources available to complete the current version of the 2021/22 Internal Audit Plan.

3.5 The Plan has been revised to take account of the available resources and, 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 Revision to the 2020/21 internal audit plan

4.1.1 The 2021/22 Internal Audit Plan approved by the Panel on 24 April 2021 included 596 audit days. However since approval, unforeseen staff absences and vacancies have arisen which has resulted in a significant reduction in the number of audit days available. Some action has already been taken to mitigate the impact of this including outsourcing three key audit assignments to Audit Glasgow and offering increased hours to the part time auditor. However there remains a substantial gap in available resources impacting on the number of days within the plan.

4.1.2 Full details of the revised internal audit plan for 2021/22 is presented in [Appendix 1](#). Proposed deferrals are highlighted in blue on the Appendix and comments have been included where there is a proposed change to the days allocated to audit assignment. A high-level recalculation of the available audit days is estimated as follows:

	<b>Days Available</b>
Original audit plan 2021/22	596
Staff Vacancies	(82)
Employee absence within the service	(215)
Outsourced Services	60
<b>Revised audit plan 2021/22</b>	<b>359</b>

4.1.3 Within each of the audit areas, a summary of the internal audit plan is estimated as follows:

<b>Category</b>	<b>Original Days</b>	<b>Revised Days</b>	<b>Change Days</b>	<b>Original Audits No.</b>	<b>Revised Audits No.</b>	<b>Change Audits No.</b>
Key Corporate Systems	51	25	(26)	6	2	(4)
ICT Auditing	50	29	(21)	2	1	(1)
Governance /Best Value	100	71	(29)	5	5	0
Directorates	173	76	(97)	10	8	(2)
Other Entities	50	44	(6)	2	2	0
Regularity	47	28	(19)	6	5	(1)
Other	125	86	(39)	6	6	0
<b>Total</b>	<b>596</b>	<b>359</b>	<b>(237)</b>	<b>37</b>	<b>29</b>	<b>(8)</b>

4.1.4 The revised internal audit plan is based on an assessment of risk in the audit area. Risk has also been considered where the scope of the audit has been amended. 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 end of the year. The Councils' External Auditors have been advised of this approach and have not raised any concerns.

- 4.1.5 It should be noted that the plan for the remainder of the year remains challenging with a large number of assignments planned for quarter four. In addition, the estimation of days available may be subject to change should a large scale investigation requiring Internal Audit Resources arise.

## **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 The cost of outsourcing services to Audit Glasgow has been met from the underspend in employee costs arising through staff vacancies.

## **7. Human Resources Implications**

- 7.1 There has been a temporary increase in the part-time auditor's hours to help address staff vacancies within the service.

## **8. Risk**

### **8.1 *Risk Implications of Adopting the Recommendations***

- 8.1.1 There are no risks associated with adopting the recommendations.

### **8.2 *Risk Implications of Rejecting the Recommendations***

- 8.2.1 Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendation.

## **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 2](#).

## **10. Sustainable Development Implications**

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or 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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

## **13. Results of Consultation**

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

**Background Papers**    **Report to Audit and Governance Panel of 24 March 2021 - [Proposed Internal Audit Plan 2021/22 \(including Annual Review of Internal Audit Charter\)](#)**

**[Public Sector Internal Audit Standards](#)**

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**Date: 15 February 2022**

Progress Against 2021/22 Internal Audit Plan

Appendix 1

	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Notes
1	Payroll	10	9	1	Follow up of 2020/21 Findings	
2	Customer Invoicing	3	0	1	Follow up of 2020/21 Findings	Withdrawn from Plan - No Actions arising from original Customer Invoicing audit
3	Main accounting	5	0	1	Follow up of 2020/21 Findings	Not due – latest action implementation date is December 2022. Defer until 2022/23 IA Plan
4	Benefits	15	0	1.4	Universal Credit advice and guidance	Remove from Plan as no longer considered to be high risk – Universal Credit advice and guidance is no longer required to be provided by Benefits on a routine basis
5	Benefits	3	1	1.4	Follow Up of 2020/21 SWF Findings	Action implementation delayed due to staff absences Defer until 2022/23 IA Plan
6	Housing rents	15	15	1.3	Rent Accounting	
<b>Sub-Total</b>		<b>51</b>	<b>25</b>			
7	Mobile devices	25	4	6.2	Review process and controls over mobile devices	Move to a new provider to be completed by end March 2022. Audit work could also impact service delivery, particularly in HSCP and Education - Defer to 2022/23 IA Plan
8	PCI DSS	25	25	6.2	Compliance	Assignment Allocated to Audit Glasgow
<b>Sub-Total</b>		<b>50</b>	<b>29</b>			
9	Contract audit	20	20	4.3	Revenue contract to be selected to test controls over the awarding and managing of contracts	
10	Contract audit	20	30	5.2	Capital contract to be selected to test controls over the awarding and managing of contracts	Testing nearing completion - impacted by staff absence
11	Review of key corporate governance arrangements	25	8	4.2	Review controls and governance arrangements over transformation projects and change management	Scope of assignment reduced to concentrate on key risk area
12	Review of key corporate governance arrangements	20	5	1	Strategic recovery from COVID-19	Scope of assignment reduced to concentrate on key risk area

	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Notes
13	Following the public pound	15	8	4.1	Ayrshire Growth Deal - review of internal governance arrangements	Scope of assignment reduced to reflect available days
<b>Sub-Total</b>		<b>100</b>	<b>71</b>			
14	People	15	9	5.3	Implementation of new communication's strategy	Scope of assignment reduced to concentrate on key actions
15	People	10	4	2.3	Education Maintenance Allowance	Conclusion of assignment deferred until return of Auditor from Maternity Leave
16	People & Place	15	5	2.4/6.2	Controls around hall letting process	New system implemented in February 2022, review of procedure to be completed Q4. Sample checking will be considered for 2022/23 IA Plan
17	Place	20	20	5.2	Scottish Housing Regulator - Annual Assurance Statement - Governance Framework	
18	Place	15	15	6.1	Controls around fuel systems	
19	Place	15	0	1	Controls around management of school crossing patrollers	Considered lower risk. Defer and reconsider risk priority for 2022/23 Internal Audit Plan
20	H&SCP	30	12	3.1	CareFirst	
21	H&SCP	20	0	3.2	Fostering & Adoption	Due to service pressures defer until completion of Kinship Care Payment Follow Up assignment and consider for inclusion in 2022/23 Internal Audit Plan
22	H&SCP	8	7	3.2	Follow Up - Kinship Care Payments	
23	Finance, Economic Dev, Regulatory	25	4	4.4	Review of COVID-19 business grants	Reliance will be placed on the outcome of NFI and Pan Ayrshire Data Match exercises and on the advice and guidance provided by Internal Audit to Services during 2021/22. Further testing will be considered for inclusion in the 2022/23 Internal Audit Plan.
<b>Sub-Total</b>		<b>173</b>	<b>76</b>			
24	AVJB	25	22	-	New Core System	Budget reduced to reflect estimated requirement for the provision of support to AVJB for remaining part of the year

	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Notes
25	IJB	25	22	-	Risk Management	Budget reduced to reflect estimated requirement for the provision of support to IJB for remaining part of the year
<b>Sub-Total</b>		<b>50</b>	<b>44</b>			
26	Schools	5	1	1	Internal Control Self-Assessment Toolkit - Initial Rollout and Management of the Annual Process	Budget reduced to reflect change in scope of assignment. Toolkit to be reviewed and updated where required for roll out in 2022/23
27	Social Work Locations	2	2	3	Internal Control Self-Assessment Toolkit - Management of the Annual Process	
28	Continuous auditing	20	13	1	Download and analyse data looking for unusual transactions or trends in core systems	Budget reduced to reflect reduction in available Internal Audit Resources
29	Grants - LEADER	5	5	4.4	Audit of claims and annual review	
30	Cash checks at council premises	5	0	1	Unannounced spot checks at Council premises	Covid working restrictions do not allow for unannounced spot checks – defer and reconsider for 2022/23 Internal Audit Plan
31	Stores control	10	7	5.4	Museums	Risk Area identified by External Audit from work in other Authority. Budget reduces as visits to premises may be restricted
<b>Sub-Total</b>		<b>47</b>	<b>28</b>			
32	Investigations and client requests	30	13	-	Allowance for investigations of irregularities. client requests, advice and consultancy	Budget reduced to reflect days used to date and balance of year remaining
33	Contingency	30	8	-	Contingency budget for unplanned commitments arising during the year	Budget reduced to reflect days used to date and balance of year remaining
34	Closure of prior year assignments	15	33	-	Allowance of time for the closure of prior year audit work into 2021/22	Increase in budget to reflect actual time spent on prior year work
35	Management and Audit development	35	22	-	Internal Audit planning, annual reporting, and quarterly reporting	Budget reduced to reflect days used to date and balance of year remaining
36	EQA2	10	8	-	South Ayrshire Council independent review of Renfrewshire Council's compliance with PSIAS	Budget reduced to reflect reduction in available Internal Audit Resources
37	QAIP	5	2	-	Annual self-assessment of compliance with PSIAS	Budget Reduced to reflect remaining year
<b>Sub-Total</b>		<b>125</b>	<b>86</b>			
<b>GRAND TOTAL</b>		<b>596</b>	<b>359</b>			

	<b>Audit Area</b>	<b>Indicative Days</b>	<b>Revised Days</b>	<b>Link to Council Plan</b>	<b>Audit objectives</b>	<b>Notes</b>
<b>AUDITS BY EAST AYRSHIRE COUNCIL ON AYRSHIRE ROADS ALLIANCE</b>						
38	Follow Up – ARA Roads Bonds					
39	Follow Up – ARA Roads Maintenance – Materials and Stores					



## 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: [Equality Impact Assessment including Fairer Scotland Duty](#)

Further guidance is available here: [Assessing impact and the Public Sector Equality Duty: a guide for public authorities \(Scotland\)](#)

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. See information here: [Interim Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018.

### 1. Policy details

Policy Title	Revised Internal Audit Plan 2021/22
Lead Officer (Name/Position/Email)	Cecilia McGhee, Chief Internal Auditor - <a href="mailto:Cecilia.McGhee2@south-ayrshire.gov.uk">Cecilia.McGhee2@south-ayrshire.gov.uk</a>

**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	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – gender identity (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children's Rights	-	-

**3. What likely impact will this policy have on people experiencing different kinds of social disadvantage? (Fairer Scotland Duty). Consideration must be given particularly to children and families.**

<b>Socio-Economic Disadvantage</b>	<b>Negative Impacts</b>	<b>Positive impacts</b>
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
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	-	-
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	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

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

<b>General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty</b>	<b>Level of Negative and/or Positive Impact (High, Medium or Low)</b>
Eliminate unlawful discrimination, harassment and victimisation	<b>Low impact</b>
Advance equality of opportunity between people who share a protected characteristic and those who do not	<b>Low impact</b>
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?)	<b>Low impact</b>
Increase participation of particular communities or groups in public life	<b>Low impact</b>
Improve the health and wellbeing of particular communities or groups	<b>Low impact</b>
Promote the human rights of particular communities or groups	<b>Low impact</b>
Tackle deprivation faced by particular communities or groups	<b>Low impact</b>

**5. Summary Assessment**

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<b>YES</b> <b>NO</b> <input checked="" type="checkbox"/>
<b>Rationale for decision:</b>  This report seeks approval of Members for a revision to the internal audit plan for 2021/22. Their decision on this has no specific equality implications	
<b>Signed :</b> Cecilia McGhee	<b>Chief Internal Auditor</b>
<b>Date:</b> 31 January 2022	