

County Buildings  
Wellington Square  
AYR KA7 1DR  
Telephone No. 01292 612169



16 February 2022

**To: Councillors Dowey (Chair), Brennan-Whitefield, D. Campbell, Clark, McCabe, Lyons, Moonie and Spurling.**

**All other Elected Members for information only**

Dear Councillors

**AUDIT AND GOVERNANCE PANEL**

You are requested to participate in the above Panel to be held **on Wednesday 23 February 2022 at 10.00 a.m.** for the purpose of considering the undernoted business.

In light of the current COVID-19 pandemic, this meeting will be held remotely in accordance with the provisions of the Local Government (Scotland) Act 2003. The meeting will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

**Yours sincerely**

**CATRIONA CAVES**  
**Head of Legal, HR and Regulatory Services**

**B U S I N E S S**

1. Declarations of Interest.
2. Call-ins from Leadership Panel.
3. Minutes of previous meeting of 1 December 2021 (copy herewith).
4. Action Log and Work Programme (copy herewith).

**External Audit Reports**

5. External Audit Reports – Progress to 31 December 2021 – Submit report by Head of Finance and ICT (copy herewith).

## **Internal Audit Reports**

6. Internal Audit – Progress Report – (i) Progress of Internal Audit Plan 2020/21; and (ii) Implementation of Internal Audit Action Plans – Submit report by Chief Internal Auditor (copy herewith).
7. Revised Internal Audit Plan 2021/22 – Submit report by Chief Internal Auditor (copy herewith).

For more information on any of the items on this agenda, please telephone Janice McClure, Committee Services on 01292 612169, Wellington Square, Ayr or  
e-mail: [committee.services@south-ayrshire.gov.uk](mailto:committee.services@south-ayrshire.gov.uk)  
[www.south-ayrshire.gov.uk](http://www.south-ayrshire.gov.uk)

## **Webcasting**

Please note: this meeting may be filmed for live and subsequent broadcast via the Council's internet site. At the start of the meeting, the Chair will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during this webcast will be retained in accordance with the Council's published policy, including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally, the press and public will not be filmed. However, by entering the Council Meeting, you are consenting to being filmed and consenting to the use and storage of those images and sound recordings and any information pertaining to you contained in them for webcasting or training purposes and for the purpose of keeping historical records and making those records available to the public.

If you have any queries regarding this and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact [Committee.Services@south-ayrshire.gov.uk](mailto:Committee.Services@south-ayrshire.gov.uk)

## **Copyright**

All webcast footage is the copyright of South Ayrshire Council. You are therefore not permitted to download footage nor upload it to another website nor take still photographs from this footage and distribute it without the written permission of South Ayrshire Council. Please be aware that video sharing websites require you to have the permission of the copyright owner in order to upload videos to their site.

## **AUDIT AND GOVERNANCE PANEL.**

Minutes of a remote meeting on 1 December 2021 at 10.00 a.m.

Present: Councillors Martin Dowey (Chair), Laura Brennan-Whitefield, Douglas Campbell, Alec Clark, Hugh Hunter, Lee Lyons, Helen Moonie and Arthur Spurling.

Attending: E. Howat, Chief Executive; M. Newall, Assistant Director – People; T. Baulk, Head of Finance and ICT; W. Carlaw, Service Lead – Democratic Governance; C. Boyd, Service Lead – Risk & Safety; K. Dalrymple, Service Lead – Neighbourhood Services; D. Urquhart, Senior Investigations Officer; S. Rodger, Risk and Safety Officer; and J. McClure, Committee Services Lead Officer.

### **Opening Remarks.**

The Chair

- (1) welcomed everyone to the meeting;
- (2) took the sederunt and intimated that no apologies had been received; and
- (3) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

### **1. Declarations of Interest.**

There were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

### **2. Call-ins from Leadership Panel.**

The Panel noted that there were no call-ins from the Leadership Panels of 23 November or 30 November 2021.

### **3. Minutes of Previous Meeting.**

The Minutes of the meeting of [3 November 2021](#) (issued) were submitted and approved.

#### 4. **Action Log and Work Programme.**

There was submitted an update of the [Action Log and Work Programme](#) for this Panel (issued).

The Head of Finance and ICT provided the Panel with an update on the status of the Action Log and Work Programme and advised that all actions had now been completed.

The Panel

**Decided:** to note the current status of the Action Log and Work Programme.

#### **External Audit Report**

##### 5. **External Audit Reports – Progress to 31 October 2021.**

There was submitted a [report](#) (issued) of 24 November 2021 by the Head of Finance and ICT providing Members with an update on the progress that the Council was making in relation to external audit improvement actions

The Head of Finance and ICT provided an overview of the report and advised on the current status of the actions.

A question was raised by a Panel Member on why an extension was given to the provision of webcasting of Council meetings; and the Head of Finance and ICT advised that, in order for the interactive software for these meetings to work correctly, microphones were required which allowed for electronic voting and that these had been ordered but would not be available until January 2022, at which time testing and training would require to be undertaken.

The Panel, having scrutinised the progress against the Council's external audit improvement action as presented in the report,

**Decided:** to note the report.

#### **Internal Audit Report**

##### 6. **Corporate Fraud Team – Activity Report.**

There was submitted a [report](#) (issued) of 24 November 2021 by the Assistant Director – People advising the Panel of the Corporate Fraud Team's (CFT) activity from 1 April to 30 Sept 2021.

The Assistant Director – People provided an overview of the report and advised that the new Auditor had commenced employment on 29 November 2021 and that the new Chief Internal Auditor would commence employment on 13 December 2021.

Questions were raised by Members in relation to:-

- (1) the two applications for Strategic Framework Business Grants which had been investigated and reported by the CFT to the Procurator Fiscal; and the Head of Finance and ICT advised that there was a rigorous process for the payment of these grants with only two applications reported to the Procurator Fiscal as fraudulent, therefore, the process had been very successful;
- (2) the inability to carry out house visits due to Covid-19 to check that applications for community care grants from the Social Welfare Fund (SWF) were genuine; and the number of cases which would normally have been spot-checked; and the Senior Investigations Officer advised that home visits were carried out to those applicants where the processing team had highlighted a problem and the CFT were still vetting and checking applications, however, home visits could not presently be carried out due to Covid-19. The Head of Finance and ICT further advised that the Scottish Government had relaxed the rules in relation to the SWF when Covid-19 had impacted and that he would provide a written briefing to Panel Members on the number of spot checks carried out annually prior to Covid-19 if this information was readily available;
- (3) the three cases investigated by the CFT from the Education Service which had resulted in applications being rejected through the school registration process; and the Assistant Director – People confirmed that these had been placing request appeals; and
- (4) blue badge misuse and whether more work could be carried out on this matter; and the Assistant Director – People advised that this matter was dealt with by the Ayrshire Roads Alliance's Parking Attendants who would generally issue a verbal warning in the first instance, however, the case identified would have been more serious to warrant a warning letter;

The Panel, having scrutinised the contents of the report,

**Decided:** to note the report.

## 7. **Strategic Risk Management.**

There was submitted a [report](#) (issued) of 24 November 2021 by the Head of Legal, HR and Regulatory Services updating the Panel on the reviewed Strategic Risk Register ([Appendix 1](#)) in line with the agreed reporting framework

The Service Lead – Risk & Safety provided an overview of the report and made reference to the new risk identified in relation to Ash Tree Die Back.

Questions and comments were raised by Members in relation to:-

- (1) whether the Ash Tree Die Back was being addressed by the Council; and the Service Lead – Neighbourhood Services advised that a plan was currently being developed with a report on this being submitted to Leadership Panel on 18 January 2022 if possible; that an entry had been made in the Strategic Risk Register based on lessons learned in England; that based on current estimates over 7,000 ash trees could potentially be affected by Ash Tree Die Back in South Ayrshire; that the trees could only be inspected when in full leaf; and that it was hoped to obtain funding to help investigate this matter;

- (2) whether funding would be provided by the Scottish Government to deal with Ash Tree Die Back; and the Service Lead – Neighbourhood Services advised that the funding element was critical as English Local Authorities had been required to fund these works and that he would be seeking funding internally in the first instance, however, the Council would need to seek funding from the Scottish Government through CoSLA for these works which could cost in excess of £5m, as would all Scottish Local Authorities;
- (3) whether the whole tree required to be taken down and whether all trees required to be removed; and the Service Lead – Neighbourhood Services confirmed that the whole tree did require to be taken down; and that it was anticipated that at least 75% of all Ash trees would require to be removed, however, it could be as many as 90%;
- (4) the timescale for these works; and the Service Lead – Neighbourhood Services advised that these works would be phased with the works expected to take two to three years;
- (5) biodiversity and budding and whether replacement trees would be planted; and the Service Lead – Neighbourhood Services advised that as many trees as possible would be replaced, however, some were on private land and the Council would require to work with the private owners to encourage them to replant on their land;
- (6) whether the Council had enforcement rights in relation to private properties with trees diseased by Ash Die Back; and the Service Lead – Neighbourhood Services advised that the only enforcement rights the Council had were under the Roads (Scotland) Act, whereby Ayrshire Roads Alliance (ARA) could mandate the removal of these diseased trees if they were dangerous and could fall onto a road, however, he would liaise with ARA in relation to diseased trees on privately owned land;
- (7) the disposal of the diseased trees, whether the disease was transferrable to other trees and replanting of trees; and the Service Lead – Neighbourhood Services advised that the diseased trees would be disposed of in a sustainable way; the disease was not transferable to another species; and that each site would be examined to ensure that the species of tree planted enhanced that area;
- (8) Risk 10 on “Workforce Planning” and why a Council Department had an under budgeted spend in relation to staff vacancies, however had an overspend in relation to the appointment of contractors; and the Service Lead – Risk & Safety advised that she would provide a written briefing on this matter for Panel Members;
- (9) whether problems had been experienced in filling job vacancies due to Covid-19; and the Head of Finance and ICT advised that vacancy management targets within Finance had been over-achieved but problems had been experienced in filling vacancies, not solely due to the pandemic, however, the pandemic had a major impact in ICT with it proving difficult to source skilled staff; and the and the Service Lead - Risk and Safety further advised that she would work alongside colleagues in the relevant Services to review the information within the Workforce Planning section to ensure that all risks were mitigated.;

- (10) Risk 11 “Digital Resilience” and whether initial problems with the ICT system when all staff began working from home had now been resolved; and the Head of Finance and ICT advised that this was an ever-changing environment but every effort had been made to ensure that the system was as good as possible by regularly improving processes and “rolling out” new systems;

The Panel, having considered the reviewed Strategic Risk Register ([Appendix 1](#)) updated by Chief Officers,

**Decided:** to note the twelve key risks and to endorse the work currently being undertaken or proposed by risk owners to mitigate these risks.

## 8. **Treasury Management Mid-Year Report 2021/22.**

There was submitted a [report](#) (issued) of 24 November 2021 by the Head of Finance and ICT providing the Panel with a mid-year treasury management update for the financial year 2021/22.

Questions and comments were raised by Members in relation to:-

- (1) the LIBOR and LIBID rates ceasing from the end of 2021 with work currently progressing to replace LIBOR with a rate based on Sterling Overnight Index Average (SONIA) and the benchmark return in the meantime being based on expected average earnings by local authorities for three to twelve months and the fact that LIBOR rates had been set at a particular rate when carrying out PFIs and whether this would have an impact on repayments; and the Head of Finance and ICT advised that this should have no impact as it was just a technical change;
- (2) the PWLB interest rate graph giving a 50 year projection had shown fairly low borrowing rates, however, due to delays in the implementation of the Capital Programme because of the pandemic, could this affect the Capital borrowing requirement in 2022/23; and the Head of Finance and ICT advised that this depended on the profile, that the latest information had taken into account the projections as of October 2021 (period 6) and that this had been considered by Leadership Panel at its meeting of 23 November 2021;
- (3) whether the Capital Financing Requirement (CFR) was within the Council's control; and the Head of Finance and ICT advised that the CFR had reduced in line with the Council's expectations of the Capital Programme and that, if the Capital Programme was adjusted and expenditure was not as great as had been anticipated, this then impacted on the following year's borrowing requirements;
- (4) the Council's borrowing portfolio; and the Head of Finance and ICT advised that long-term interest rates were monitored regularly and that the Council had recently taken out a further long-term loan on the advice of advisers, as the interest rate had gone down. He further advised that the Council had a portfolio of loans from two years to fifty years duration to have a regular repayment portfolio;

- (5) the investments made by the Council; and the Head of Finance and ICT advised that the Council had its own internal practices for investing; that investments were spread across institutions as those institutions offering higher interest rates had more risks attached; that rates were currently low across many institutions; and that this Council had been fortunate as it had over achieved with its financial target, however, had under achieved with interest rates which was due to the current market; and that he and his staff made every effort to get the highest returning investments; and
- (6) whether credence had been given to the risks to the economy due to the pandemic; and the Head of Finance and ICT advised that the ceasing of the furlough scheme, the vaccination programme and market prices were all taken into account and that officers advised him on interest rates, pricing, etc, however it was an ever changing environment; and that the Council's advisers monitored the financial market regularly, the Council took opportunities where they were presented and also avoided taking higher rate loans when the market dictated.

The Panel, having thanked the Head of Finance and ICT and his staff for the helpful and comprehensive foreword to this report and having scrutinised the contents of the report,

**Decided:** to remit the report to the Leadership Panel meeting of 18 January 2022 for approval.

The meeting ended at 11.15 a.m.



# AUDIT AND GOVERNANCE PANEL

Agenda Item No. 4

## ACTION LOG

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1	01/12/21	<b>Corporate Fraud Team Activity Report</b>	To provide Panel Members with details of the number of spot checks carried out annually by the Corporate Fraud Team prior to Covid-19	Head of Finance and ICT	Written Briefing emailed to Members on 14 December 2021	YES
2	01/12/21	<b>Strategic Risk Management</b>	To provide Panel Members with a written briefing on a Service with an under budgeted spend in relation to staff vacancies, however had an overspend in relation to the appointment of contractors	Service Lead – Risk & Safety	Written response emailed to Members on 21 January 2022..	YES

## AUDIT AND GOVERNANCE PANEL

### WORK PROGRAMME 2022

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
1	<b>Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2021/22 (ii) Implementation of Internal Audit Action Plans</b>	Report to Panel	Chief Internal Auditor	Quarterly reports throughout the year (Jan, May, Sept, Nov)	Report to this Panel
2	<b>External Audit Progress Reports</b>	Report to Panel	Head of Finance and ICT	Regular reports throughout the year	Report to this Panel
3	<b>Corporate Fraud Team Activity Report</b>	Report to Panel	Chief Internal Auditor	Six monthly (May and Dec)	Report to June 2022
4	<b>Strategic Risk Report</b>	Report to Panel	Head of Legal, HR and Regulatory Services	Six monthly	
5	<b>Best Value Assurance Report - quarterly updates on progress against the action plan</b>	Report to Panel	Service Lead – Policy, Performance and Community Planning	Quarterly reports throughout the year	See item 9 below
6.	<b>Revised Internal Audit Plan 2021/22</b>	Report to Panel	Chief Internal Audit		Report to this Panel

## AUDIT AND GOVERNANCE PANEL

7	<b>Audit Scotland: Local Government in Scotland - Financial Overview 2020/21</b>	Report to Panel	Head of Finance and ICT	TBC	Pending publication of Audit Scotland Report
8	<b>Annual Audit Plan 2021/22</b>	Report to Panel	Head of Finance and ICT	16/03/22	
9	<b>Best Value Assurance Report – Action Plan</b>	Report to Panel	Assistant Director – People	16/03/22	First progress report following Best Value review 2021
10	<b>Proposed Internal Audit Plan 2022/23 (including Annual Review of Internal Audit Charter)</b>	Report to Panel	Chief Internal Auditor	16/03/22	
11	<b>Corporate Lets</b>	Report to Panel	Assistant Director - People	June 2022	
12.	<b>Delivering Good Governance – 2021/22 Assessment</b>	Report to Panel	Head of Legal, HR and Regulatory Services	June 2022	
13.	<b>Internal Audit Annual Report 2021/22</b>	Report to Panel	Chief Internal Auditor	June 2022	

South Ayrshire Council

Report by Head of Finance and ICT  
to Audit and Governance Panel  
of 23 February 2022

**Subject: External Audit Reports – Progress to 31 December 2021**

**1. Purpose**

1.1 The purpose of this report is to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions.

**2. Recommendation**

**2.1 It is recommended that the Panel scrutinises the progress against the Council’s external audit improvement actions as presented in this report**

**3. Background**

3.1 The last report on progress was presented to the Panel on 1 December 2021. This report covers progress against the outstanding actions from that update.

**4. Proposals**

4.1 Progress from 1 December to 31 January is summarised below:

Status of External Audit Actions as at 31 January 2021	Completed since 1 December 2021	On target	Not on Target	Total
				
Annual Report on 2019/20 Audit – Sept 20	1	-	1	2
Overall:	1	-	1	2

4.2 During the reporting period, one action was completed. At the time of writing this report the remaining action was outstanding however it was due to complete in mid-February 2022, slightly beyond the agreed completion date due to delays in the delivery of equipment.

4.3 Full details of the progress relating to this remaining outstanding action is set out within [Appendix 1](#), mirroring the information available to Members through the Council’s performance management system [Pentana](#).

4.4/

- 4.4 Progress against the External Audit actions resulting from the recent Best Value Assurance report will be presented in a separate report to the Audit and Governance Panel in March
- 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 None.
- 7. Human Resources Implications**
- 7.1 None.
- 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 Rejecting the recommendations may impact on the reputation of the Council.
- 9. Equalities**
- 9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.
- 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.
- 13.2 Consultation has taken place with Councillor Peter Henderson, Portfolio Holder for Corporate, and the contents of this report reflect any feedback provided.


**Background Papers**     **Report to Audit and Governance Panel of 1 December 2021 - [External Audit Reports – Progress to 31 October 2021](#)**

**Person to Contact**     **Tim Baulk, Head of Finance and ICT**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612620**  
**Email [tim.baulk@south-ayrshire.gov.uk](mailto:tim.baulk@south-ayrshire.gov.uk)**

**Date: 15 February 2022**

## External Audit Reports - Showing actions still to be completed - Sorted

Generated on: 08 February 2022

Report Title	Action	Due Date	Managed By	Latest Note	SAC Status	Progress	Agreed Revisions	Completed Date
EA2020/02 Report to the Audit and Governance Panel on the 'audit dimensions and best value' for the year ended 31 March 2020	<p><b>2.5: Governance and transparency – openness and transparency</b>  <b>Recommendation:</b> In the interest of continuous improvement, the Council should consider if there are any lessons learned from other public bodies or other ways of engaging with wider stakeholders, for example by webcasting Council and Panel meetings to reach a wider audience.  <b>Management Response:</b> In order to accommodate remote access to Council meetings by members of the public and wider stakeholders, the Council's ICT service is assessing the business requirements for an integrated audio and video solution with the option to capture live council meetings and allow live streaming of meetings, with the intention of producing an options appraisal report to Council.  <b>Priority:</b> Low</p>	31-Jan-2022	Wynne Carlaw	07-Feb-2022 - Webcasting of Council meetings commenced in Autumn 2021. Integrated microphones scheduled to be installed in CB @ 17th February 2022, testing will follow prior to full hybrid meetings commence. Extension requested to end of Feb 2022.		90%	Original due date 31 Dec 2021	

South Ayrshire Council

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

**Subject: Internal Audit Progress Report – Quarter 3**  
**(i) Progress of Annual Internal Plan 2021/22**  
**(ii) Implementation of Internal Audit Action Plans**

**1. Purpose**

1.1 The purpose of this report is to advise Members of Internal Audit’s progress against the 2021/22 Internal Audit Plan and of directorate progress in implementation of Internal Audit action plans.

**2. Recommendation**

2.1 **It is recommended that the Panel considers the content of this report.**

**3. Background**

3.1 Progress against the Internal Audit annual plan and implementation of action points is reported to the Audit and Governance Panel on a quarterly basis. The last report was presented to the Panel on 3 November 2021 and covered the quarter to 30 September 2021. This report covers the period to 31 December 2021. Performance information is also included.

**4. Proposals**

**4.1 Progress of 2021/22 Internal Audit Plan**

4.1.1 A summary of all 2021/22 assignments can be found in [Appendix 1](#). Four audit assignment from the 2021/22 Internal Audit Plan have been completed. One report has been issued since the previous progress report. Two follow up assignments have been completed by East Ayrshire Council for the Ayrshire Roads Alliance (ARA).

Ref	Assignment	Assurance	No of Actions
2022-09	Procurement of Personal Protective Equipment	Substantial	Two (low priority)
2022-38*	ARA New Process Roads Bonds – Follow Up	100% Sufficiently Implemented	N/A



Ref	Assignment	Assurance	No of Actions
2022-39*	ARA Roads Maintenance Materials and Stores - Follow Up	100% Sufficiently Implemented	N/A

\* Audit completed by East Ayrshire Council for ARA

## 4.2 Performance Indicators 2021/22

4.2.1 Three performance indicators are included in the plan for 2021/22:

- Productivity/utilisation (para 4.2.2);
- Percentage of reviews completed in audit plan (para 4.2.4); and
- Number of ad-hoc requests and investigations (para 4.2.6).

4.2.2 At 31 December 2021, direct audit time for 2021/22 was as follows:

	2021/22	2020/21	2019/20
Direct	66.7%	74.6%	86.1%
Indirect	26.3%	19.1%	9.3%
Management	7%	6.3%	4.6%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

4.2.3 Direct audit time at this stage of the year is lower than in previous years. A greater amount of time has been spent on indirect activities and management such as absence management, recruitment and training.

4.2.4 The internal audit plan for 2021/22, approved by the Panel on 24 March 2021, includes 31 deliverable assignments. A summary of the plan completion is included in the following table:

Status	No. of Deliverables	Percentage Of Plan	Planned Audit Days	Actual Days to 31/1/22
Complete	4	13%	60	60
In progress	15	49%	250	65
Not started	12	38%	161	0
<b>Deliverables</b>	<b>31</b>	<b>100%</b>	<b>471</b>	<b>125</b>
Other	-	-	125	76
<b>Total</b>	<b>31</b>	<b>100%</b>	<b>596</b>	<b>201</b>

4.2.5 Of the 31 deliverable assignments one follow up assignment was withdrawn from the plan as there were no actions arising from the original audit and one cannot be completed in 2021/22 as the action implementation date is December 2022. Therefore the deliverable assignments is now 29. In addition, as a result of staff resourcing issues within Internal Audit during 2021 it has been necessary to revise the

2021/22 Internal Audit Plan to reflect the available resources. The proposed revised plan is included in a separate paper being presented to the Panel today for consideration and approval.

4.2.6 Several ad-hoc and contingency assignments have also been completed to date. Examples of advisory and contingency work this year include:

- Advice around processes for lost and stolen devices;
- A number of items around COVID-19 including pan-Ayrshire COVID-19 data matching exercise, Low Income Pandemic Payment (LIPP) arrangements, taxi operator licence grants, and the Recovery Ambition Business Support (RABS) grant;
- Health and Social Care CM2000 IT System implementation and compliance with council policies and procedures around expenses and overtime claims;
- Advice and audit input to the revised risk management strategy;
- Audit requirements for the demonstration of benefits realisation resulting from the change programme; and
- Subject matter expert as required for the implementation of the new Oracle Fusion system.

4.2.7 Management information is retained for all assignments which tracks progress of the assignment from the terms of reference at the outset through to the issue of the draft report, and ultimately to the issue of the final report. This management information is used to review progress of the assignment against the budgeted audit days in the plan, assign work within the team, assess team performance and identify training needs and to track overall completion of the plan.

### 4.3 ***Implementation of Internal Audit Action Plans***

4.3.1 Five follow up assignments were included in the 2021/22 internal audit plan. As detailed in paragraph 4.2.5 above, one of these has been withdrawn and one is not due in 2021/22. The remaining three follow ups have been considered during the revision to the 2021/22 Internal Audit Plan.

4.3.2 The follow up of all other audit action points is undertaken through review of Pentana, where all recommendations are uploaded for management action. All services are provided with regular system alerts reminding them to update their actions. Details of all outstanding action points either overdue or due within the next six months are included in [Appendix 2](#).

## 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 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 Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [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 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 3 November 2021 – Internal Audit - Progress Report](#)

[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](#)

**Person to Contact**      **Cecilia McGhee, Chief Internal Auditor**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612432**  
**E-mail [Cecilia.McGhee2@south-ayrshire.gov.uk](mailto:Cecilia.McGhee2@south-ayrshire.gov.uk)**

**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	Progress
1	Payroll	10	9	1	Follow up of 2020/21 Findings	Work In progress
2	Customer Invoicing	3	0	1	Follow up of 2020/21 Findings	Withdrawn
3	Main accounting	5	0	1	Follow up of 2020/21 Findings	Not due
4	Benefits	15	0	1.4	Universal Credit advice and guidance	Not started
5	Benefits	3	1	1.4	Follow Up of 2020/21 SWF Findings	Not started
6	Housing rents	15	15	1.3	Rent Accounting	Complete 2022-06
<b>Sub-Total</b>		<b>51</b>	<b>25</b>			
7	Mobile devices	25	4	6.2	Review process and controls over mobile devices	Not started
8	PCI DSS	25	25	6.2	Compliance	Work in progress
<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	Complete 2022-09
10	Contract audit	20	30	5.2	Capital contract to be selected to test controls over the awarding and managing of contracts	Work in progress
11	Review of key corporate governance arrangements	25	8	4.2	Review controls and governance arrangements over transformation projects and change management	Work in Progress
12	Review of key corporate governance arrangements	20	5	1	Strategic recovery from COVID-19	Not started
13	Following the public pound	15	8	4.1	Ayrshire Growth Deal - review of internal governance arrangements	Work in progress
<b>Sub-Total</b>		<b>100</b>	<b>71</b>			
14	People	15	9	5.3	Implementation of new communication's strategy	Work in Progress
15	People	10	4	2.3	Education Maintenance Allowance	Work in progress
16	People & Place	15	5	2.4/6.2	Controls around hall letting process	Work in progress
17	Place	20	20	5.2	Scottish Housing Regulator - Annual Assurance Statement - Governance Framework	Complete (2022-17)





	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Progress
18	Place	15	15	6.1	Controls around fuel systems	Work in progress
19	Place	15	0	1	Controls around management of school crossing patrollers	Not started
20	H&SCP	30	12	3.1	CareFirst	Work in progress
21	H&SCP	20	0	3.2	Fostering & Adoption	Not started
22	H&SCP	8	7	3.2	Follow Up - Kinship Care Payments	Work In Progress
23	Finance, Economic Dev, Regulatory	25	4	4.4	Review of COVID-19 business grants	Work In Progress
<b>Sub-Total</b>		<b>173</b>	<b>76</b>			
24	AVJB	25	22	-	New Core System	Not started
25	IJB	25	22	-	Risk Management	Not started
<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	Work In Progress
27	Social Work Locations	2	2	3	Internal Control Self-Assessment Toolkit - Management of the Annual Process	Work In Progress
28	Continuous auditing	20	13	1	Download and analyse data looking for unusual transactions or trends in core systems	Work in progress
29	Grants - LEADER	5	5	4.4	Audit of claims and annual review	Complete 2022-29
30	Cash checks at council premises	5	0	1	Unannounced spot checks at Council premises	Not started
31	Stores control	10	7	5.4	Museums	Not started
<b>Sub-Total</b>		<b>47</b>	<b>28</b>			
<b>Total - Deliverables</b>		<b>471</b>	<b>271</b>			
32	Investigations and client requests	30	13	-	Allowance for investigations of irregularities. client requests, advice and consultancy	Ongoing
33	Contingency	30	8	-	Contingency budget for unplanned commitments arising during the year	Ongoing
34	Closure of prior year assignments	15	33	-	Allowance of time for the closure of prior year audit work into 2021/22	Complete

	<b>Audit Area</b>	<b>Indicative Days</b>	<b>Revised Days</b>	<b>Link to Council Plan</b>	<b>Audit objectives</b>	<b>Progress</b>
35	Management and Audit development	35	22	-	Internal Audit planning, annual reporting, and quarterly reporting	Ongoing
36	EQA2	10	8	-	South Ayrshire Council independent review of Renfrewshire Council's compliance with PSIAS	Not started
37	QAIP	5	2	-	Annual self-assessment of compliance with PSIAS	Ongoing
<b>Sub-Total (Non Deliverables)</b>		<b>125</b>	<b>86</b>			
<b>GRAND TOTAL</b>		<b>596</b>	<b>359</b>			
-	Follow Up – Roads Bonds					Completed
-	Follow Up – Roads Maintenance – Materials and Stores					Completed







**Progress Against Overdue Audit Actions and Audit Actions due within the next 6 months**


**Appendix 2**

**Overdue Actions**



IA2017/09 Museums and Galleries - Art Collection							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
02 Responsibility for artefacts out with Museum collection should be established and recorded.	30-Nov-2016	Claire Monaghan	Laura Kerr	29-Jan-2022 A graduate intern post will be put in place for a 12 month period within the Museums and Galleries service. This post will support an audit, and the associated recording, of artefacts out with the Museum collection. The job description has been job evaluated and the post will go to ELT for consideration. Once the artefacts are identified and recorded the Museums and Galleries team will manage them alongside the collection.		70%	1st extension - 31/3/2021
03 The Museums Inventory should be updated on a continuous basis and shared with Asset Management.	30-Nov-2017	Claire Monaghan	Laura Kerr	29-Jan-2022 The collection store move is complete. We are progressing well with updating the Museum inventory with the backlog of uncatalogued items and the new store locations.		80%	1st extension - 31/3/2021
IA2020/45 Payroll Starters & Leavers							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
01 Procedures for transfers	31-Aug-2020	Catriona Caves	Wendy Wesson	02-Feb 2022 Work ongoing in this area - process is implemented however both ICT and Employee Services have identified issues with the process and the system functionality, therefore work is continuing in this area and the action remains incomplete. Competing work pressures within Employee Services coupled with the Oracle Fusion has led to a delay in addressing issues.		90%	1 <sup>st</sup> Extension 30/06/22
03 Recovery of assets	31-Aug-2020	Catriona Caves	Wendy Wesson	02-Feb 2022 Work ongoing in this area - process is implemented however both ICT and Employee Services have identified issues with the process and the system functionality, therefore work is continuing in this area and the action remains incomplete. Competing work pressures within		90%	1 <sup>st</sup> Extension 30/03/22









				Employee Services coupled with the Oracle Fusion has led to a delay in addressing issues.			
<b>IA2021/36 Cyber Security</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
01 Risk register	31-Dec-2021	Stewart McCall	Anne Yeo	17-Jan-2022 Health Check being closed off and will be reported back to ICT in February. This will inform the Risk Register		65%	
05 Prioritisation of actions	31-Dec-2021	Stewart McCall	Anne Yeo	17-Jan-2022 Continuing to work towards certification mid 2022		75%	
<b>IA2021/39 Kinship Care Payments</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
03 Training to be held for all staff involved in Kinship Care or dedicated team to be created with centralised responsibility for kinship care placements	31-Aug-2021	Mark Inglis	Gary Hoey	04-Nov-2021 The short life working group has concluded it's review.  Guidance is currently with SWGB for approvals Teams have been organised to walk workers through refreshed procedures and guidance.		95%	
<b>IA2021/47 ICT Application Controls - Cash Receipting System</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
12 Suppliers of ICT related goods to be required to demonstrate information security posture. Contract award letters to confirm expectations re SAC's requirements and policies for remote access as appropriate.	31-Dec-2021	Donald Gillies; Stewart McCall	Kevin Carr; Anne Yeo	17-Jan-2022 AY continues to work with procurement to refine wording in contracts, initiate security assessments for products and for suppliers.		55%	
<b>IA2021/48 Scottish Welfare Fund</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
09 Departmental PayPoint procedures to be documented to ensure compliance across all system users who use PayPoint to administer payments for SWF grants.	30-Nov-2021	Nicola Gemmell	Audrey Thomson	19-Oct-2021 Task not progressed within timescale due to additional Covid19 related work. Extension now requested to 30/11/21		20%	1st extension - 30/11/2021 2 <sup>nd</sup> Extension 30/04/2022
13 Checks to be conducted on any commonly used mobile numbers used for PayPoint transactions to ensure that they represent genuine applicants and	30-Nov-2021	Nicola Gemmell	Audrey Thomson	19-Oct-2021 Task not completed within original timescale due to additional Covid-19 related work. Extension now requested to 30/11/21		25%	1st extension - 30/11/2021 2 <sup>nd</sup> Extension 30/04/2022

are not an indication of misappropriation of cash.							
15 Daily customer payment limit to be renegotiated with supplier.	31-Dec-2021	Nicola Gemmell	Audrey Thomson	27-Jul-2021 Contract currently being checked to establish action required.		10%	1 <sup>st</sup> Extension – 30/04/2022

## Actions Due Within the Next Six Months

IA2019/27 Property Leases							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
01 Review of leased property portfolio to ensure that agreements and supporting documents are available.	31-Mar-2022	Donald Gillies	Tom Burns	02-Aug-2021 Following a review of the leased property portfolio it was noted that a number of lease documents are not held electronically within Technology Forge. A list of these properties has been passed to Legal Services who are currently in the process of checking their files and databases. Legal Services have advised that due to Covid-19 and staffing issues there has been a delay in responding to this information and an extension has been requested.		75%	1st extension - 31/3/2021 2nd extension - 31/3/2022
IA2021/06 Scottish Housing Regulator Annual Return 2019/20							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
02 Asset management system	31-Mar-2022	Michael Alexander	John Hodge	<p>28-Jan-2022 Following successful completion of the Northgate Housing System upgrade in January 2021, work is ongoing with ICT to research potential housing asset management options, costs and requirements with software providers. This project has now been agreed in principle by the Strategic Change Executive as a transformation project,</p> <p>Extraction of existing stock condition data from the OMEGA system during the early parts of 2021 is complete, this has allowed ICT to retire the OMEGA system. A review of the external stock condition records held by the Council has been completed. Properties have been identified for inclusion within a partial external stock condition survey during 2021/22, this supports the ongoing requirement for the Council as a social landlord to ensure stock condition records and SHQS forecasts are robust. The information generated from the forthcoming survey will be added to data held to create the baseline data source for populating the new housing asset management system.</p> <p>Once the new system is procured, it is anticipated that development of the new system will take approximately 18 months to complete.</p>		20%	1 <sup>st</sup> Extension to 31/3/2024

				A demo was provided by Northgate Housing and further information has been requested to allow Officers to conduct an appraisal.			
<b>IA2021/20 Controls around meeting waste management regulations</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
01 Reporting and monitoring arrangements	31-Mar-2022	Kevin Carr	Kenny Dalrymple	26-Jan-2022 The Waste Strategy Coordinator has only recently been appointed (10th January 2022) and made some progress on this action however I am seeking to adjust the due date to 27th May 2022 to complete this action.		50%	
<b>IA2021/36 Cyber Security</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
02 Business continuity exercise	31-Mar-2022	Stewart McCall	Anne Yeo	17-Jan-2022 Working with cyber security partner to define the scope of this exercise with a view to running this with key stakeholders in February or March 2022		15%	
03 Cyber security training	31-Jul-2022	Stewart McCall	Anne Yeo			0%	
04 Exercise in a Box	31-Mar-2022	Stewart McCall	Anne Yeo	17-Jan-2022 Working with our cyber security partner to define the scope and participants for this		15%	
<b>IA2021/40 Main Accounting System Review</b>							
Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
10 Internal training to be made available to those with budget monitoring responsibilities to enhance their knowledge and skills to effectively manage their budget.	31-Mar-2022	Tim Baulk	Tom Simpson	04-Feb-2022 Progress on rolling this training out across the organisation has stalled recently, due to the impact of the Oracle Fusion implementation programme on the service's available resources. The original deadline (March 2022) will not be met, however the training programme should be realigned alongside similar training for Elected Members following the May 2022 Local Government Election and also forthcoming training on the Oracle Fusion system. Suggest revised completion date of 31 December 2022		35%	1 <sup>st</sup> Extension 31/12/2022
15 Basis of internal recharges to be reviewed where based on historic pre-approved rates	31-Mar-2022	Tim Baulk	Tom Simpson	04-Feb-2022 Work is now underway to review internal recharges, however the work involved is detailed and time-consuming, involving analysis of components of a significant number of charges. Consequently, the task has been impacted by development work on Oracle Fusion		10%	1 <sup>st</sup> Extension – 30/10/2022

				and the original timescale will not be achieved. Work will continue with the intention of completion ahead of 2023/24 budget considerations - suggested timeframe 31 October 2022 implementation			
--	--	--	--	--	--	--	--

## 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	Internal Audit Progress report – Quarter 3 (i) Progress of Annual Internal Plan 2021/22 (ii) Implementation of Internal Audit Action Plans
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	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 – gender identity (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? (Fairer Scotland Duty). 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	No	No
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	No	No
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	No	No
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	No	No
Socio-economic Background – social class i.e. parent’s education, employment and income	No	No

**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	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low
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?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

**5. Summary Assessment**

<p><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>)</p>	<p><del>YES</del> <b>NO</b>      <input checked="" type="checkbox"/></p>
<p><b>Rationale for decision:</b> This report updates Members on progress against the 2021/22 internal audit plan and management progress with implementing audit action points. Their consideration of this report has no specific equality implications.</p>	
<p><b>Signed :</b>      Cecilia McGhee</p>	<p><b>Chief Internal Auditor</b></p>
<p><b>Date:</b>          31 January 2022</p>	

**South Ayrshire Council**

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

---

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

---

**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](#)**

**Person to Contact**    **Cecilia McGhee, Chief Internal Auditor**  
**County Buildings, Wellington Square, Ayr, KA7 1DR**  
**Phone 01292 612432**  
**E-mail [Cecilia.McGhee2@south-ayrshire.gov.uk](mailto:Cecilia.McGhee2@south-ayrshire.gov.uk)**

**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.**

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
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:**

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	Low impact
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low impact
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?)	Low impact
Increase participation of particular communities or groups in public life	Low impact
Improve the health and wellbeing of particular communities or groups	Low impact
Promote the human rights of particular communities or groups	Low impact
Tackle deprivation faced by particular communities or groups	Low impact

**5. Summary Assessment**

<p><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>)</p>	<p><b>YES</b> <b>NO</b> <input checked="" type="checkbox"/></p>
<p><b>Rationale for decision:</b></p> <p>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</p>	
<p><b>Signed :</b> Cecilia McGhee <b>Chief Internal Auditor</b></p> <p><b>Date:</b> 31 January 2022</p>	