

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 22 March 2023**

Subject: Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter)

1. Purpose

- 1.1 The purpose of this report is to submit, for approval, the proposed Internal Audit Plan and reserve list for 2023/24. Approval is also being sought for the revised Internal Audit Charter.

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 approves the annual audit plan for 2022/23 ([Appendix 1](#));
- 2.1.2 approves the reserve list for 2022/23 ([Appendix 2](#)); and
- 2.1.3 approves the updates of the Internal Audit reporting line and links to the Public Sector Internal Audit Standards in the Internal Audit Charter ([Appendix 3](#)).

3. Background

- 3.1 PSIAS describes internal auditing as *'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'*.
- 3.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion on the control environment within South Ayrshire Council. The annual audit plan is designed to assist the Chief Internal Auditor in formulating that opinion.
- 3.3 In developing the annual audit plan, Internal Audit held discussions with senior officers in all Services. These discussions focussed on areas of risk within the Service and included consideration of changes to organisational structure or operational practices resulting from service redesigns, changes in legislation or external reporting requirements, ICT system developments and additional funding, where relevant. Strategic and Directorate risk registers were considered when developing this plan. The links to the strategic risk register are detailed in [Appendix 4](#).
- 3.4 Other areas of consideration include external audit reports, Audit Scotland national

reports, and cumulative knowledge and experience of risks and prior year findings. Taking these factors into account, the highest risk areas are brought forward in the annual audit plan.

3.5 The suggested Internal Audit Plan provides time to deliver a range of assignments that aligns to Council's priorities as well as seeking to provide assurance around the general control environment of the Council.

3.6 All Internal Audit work is undertaken in accordance with the [Public Sector Internal Audit Standards \(PSIAS\)](#).

4. Proposals

4.1 *Internal Audit Plan 2023/24*

4.1.1 **Categories of Internal Audit Work:** the audit plan is split into eight key areas of audit work:

- (i) **Key Corporate Systems:** systems audits are conducted to ensure expected controls are embedded within the system and are operating effectively.
- (ii) **Governance/Best Value:** best value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes.
- (iii) **ICT Auditing:** ICT audit work focuses on controls which are embedded within systems and technology across the organisation. As well as this specific category, ICT audit testing will also be used in other areas of the plan (e.g. using computer assisted audit techniques to perform continuous auditing and performing logical access testing when reviewing other systems).
- (iv) **Directorates/Other Systems:** the internal audit plan takes account of the council's risk assessment process and includes a review of the strategic and directorate risk registers as well as the audit universe (a list of all auditable entities within the organisation). From this, specific areas are identified for inclusion in this section of the plan, audit assignments focus on internal control arrangements operating in services within the Council.
- (v) **Regularity:** these audits are used to determine the extent to which Council and departmental policies and procedures are being followed. Continuous auditing is used to analyse large amounts of data on an ongoing basis to ensure controls are operating as expected.
- (vi) **Follow Up Assignments:** Internal Audit recommendations due in the period April 2023 to March 2024 will be risk assessed and followed-up to ensure implementation of all actions within all red reports and high risk actions including testing to confirm all actions full implemented. Medium risk actions will be included in audit testing where time permits.
- (vii) **Other Entities:** the Chief Internal Auditor of the Council is also the Chief Internal Auditor of Ayrshire Valuation Joint Board and the South Ayrshire Integration Joint Board and the plan includes resources allocated to these entities. An allocation of time to

conduct this audit work is included in the proposed annual Internal Audit plan but it is the responsibility of those bodies to approve the planned audit work for their respective areas. The Chief Internal Auditor takes assurance from work conducted by the audit team at East Ayrshire Council on Ayrshire Roads Alliance (ARA).

- (viii) **Other Commitments:** days are allocated in this area to carry out work which cannot be specified at the start of the year, including investigations and provision of ad-hoc advice and guidance. A contingency budget is also included for unplanned commitments arising throughout the year. Activity, and duties which are internal to the service such as reporting, planning, and audit development are included under other commitments. Time has also been allocated in the area to provide advice and guidance where there are new or changes to procedures resulting from Service reviews or implementation of new ICT Systems

4.2 Resources

- 4.2.1 The budgeted establishment for Internal Audit is 3.4 full time equivalents (FTE). All posts within the Internal Audit team are professionally qualified positions. The 2023/24 audit plan has been produced taking into consideration the number of available working days per Internal Audit staff member. It should be noted that this can be subject to amendment during the year, for example for any periods of unplanned long term absence.

Category	2022/23	2023/24
Key Corporate Systems	30	60
Governance/Best Value	70	95
ICT Auditing	30	15
Directorates/Other Systems	90	100
Regularity	31	72
Follow Up Reviews	26	38
Other Entities	50	50
Other Commitments	170	180
Total of planned days	497	610*

**Increased resources are available in 2023/24 as all vacancies have been filled*

- 4.2.2 An allocation of time is included within “Other Commitments” for contingency and investigations. Planned audit assurance work should be completed within the resources available provided there is no significant increase in the budget required to undertake additional work, such as large special investigations arising from Whistleblowing.
- 4.2.3 The Public Sector Internal Audit Standards require that the audit plan should be kept under review to identify any amendments required to reflect changing priorities and emerging risks. Any future changes will be based on a full risk assessment during the year and will be presented to the Panel for approval.

4.3 **Performance Indicators**

4.3.1 Internal audit's performance is measured against three key indicators:

- Productivity/utilisation;
- Percentage of reviews completed in audit plan; and
- Number of ad-hoc requests and investigations .

Performance against these indicators will be reported to Panel throughout the year.

4.3.2 In addition, the time spent on audits and the time taken to achieve audits is monitored on a continual basis by the Chief Internal Auditor. A single indicator does not exist for this measure, as the various audit assignments are significantly different in the type of audit work undertaken and the budget required to achieve the audit objectives. The performance information maintained for this indicator includes the measurement of time against budget as well as the elapsed time taken from the agreement of the Terms of Reference through to the issuing of the final report. This information is used to track completion of the audit plan on an ongoing basis and to assign work within the team.

4.4 **Developments and Training**

4.4.1 The training needs of the service continue to be reviewed on an ongoing basis, and where gaps are identified, action is taken to address these. Networking opportunities are continually explored:

- the Chief Internal Auditor attends the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG);
- the Senior Auditor attends Computer Audit Sub-Group (CASG) as well as the IDEA software user group for data analytics. Further development and training opportunities will be explored as they arise.

4.4.3 The service undertakes an annual self-assessment exercise, using the toolkit provided with the PSIAS. Any actions arising from this will be included in a revised Internal Audit action plan presented to Panel for approval around November 2023. South Ayrshire Council's five year independent external review of compliance with PSIAS was completed in 2022-23. The results of this assessment will be included in update reports to Panel once the final report has been completed.

4.5 **Internal Audit Charter**

4.5.1 The Internal Audit Charter is a formal document which defines the internal audit activity's purpose, authority and responsibility. The Chief Internal Auditor reviews the charter on an annual basis and presents any changes to the Panel for approval.

4.5.2 The annual review has been completed and changes are highlighted within the revised Internal Audit Charter attached at [Appendix 4](#). There have been no material changes, the Internal Audit reporting line has been

updated and references to individual Public Sector Internal Audit Standards (PSIAS) have been included to clearly demonstrate the link to the individual standards.

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 Failure to comply with the Public Sector Internal Audit Standards (PSIAS) and meet our obligation to provide an annual internal audit opinion.

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 at [Appendix 5](#).

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 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 [Public Sector Internal Audit Standards \(PSIAS\)](#)

[Internal Audit Charter – March 2022](#)

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Date: 13 March 2023

PROPOSED INTERNAL AUDIT PLAN 2023/24

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
Key Corporate Systems						
1	Main Accounts	Review of updated procedures following implementation of Oracle Fusion	Best Value	11	20	
2	HR & Payroll	Review of updated procedures following implementation of Oracle Fusion	Live, Work Learn/Best Value	11	20	
3	Organisational Development	Workforce Planning	Live, Work Learn/Best Value	13	20	60
Governance/Best Value						
4	NFI	Co-ordination and Monitoring of 2022/23 Exercise and review of matches where required.	Best Value	4	15	
5	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2022/23 Assignment and review (scope to be agreed following completion of 2022/23 audit work)	Best Value	1	25	
6	Procurement	Review of "Off Contract" Spend	Best Value	4	20	
7	Participatory Budgets	Review arrangements in place to meet the National targets for participatory budgeting	Civic and Community Pride/ Best Value	1/11	15	
8	Records Management	Review compliance with the Scottish Council on Archives Records Retention Schedule (SCARRS)/Councils records management procedures.	Equalities and the Fairer Scotland Duty	4	20	95
ICT Auditing						
9	Social Media Accounts	Review controls in place around; access to and use of Council Social Media Channels	Equalities and the Fairer Scotland Duty	14	15	15

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
Directorates						
10	Housing, Operations and Development	Review of Waste Management procedures	Spaces and Places	15	25	
11	Housing, Operations and Development	Anti-Fraud Review - Housing Let	Live, Work, Learn	4	15	
12	Education	Attainment Scotland Find (ASF)	The Promise,/Live Work Learn	9	20	
13	HSCP	External Providers	The Promise, Our Ageing Population	6	10	
14	HSCP	Premises	The Promise, Our Ageing Population	6	10	
15	Change and Communities	Follow up of Actions from 2022/23 Audit Assignment and review of annual Climate Change Duty Compliance return for 2022/23	Sustainability, climate change and biodiversity	8	10	
16	Change and Communities	Review of Cash Collection arrangements in Leisure Facilities	Spaces and Places	4	10	100
Regularity						
17	Continuous Auditing	Accounts Payable and developments in other areas including Payroll and Debtors (including Housing Rent Debtors)	Best Value	4	40	
18	Grants	Ayrshire Rural and Island Ambition Fund (ARIA)	Live, Work, Learn	4	10	
19	Grants	Network Support Grant claim	Spaces and Places/Live, Work Learn	9	5	

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
20	Schools	Internal Control Self Assessment Toolkit - Initial Rollout and Management of the Annual Process	Live Work Learn/The Promise	4	10	
21	Social Work Locations	Internal Control Self Assessment Toolkit - Management of the Annual Process	The Promise/Our Ageing Population	4	7	72
Follow Up Reviews						
22	Regularity	Follow Up of actions from 2021/22 Audit Assignment - Museum Stores	-	5	4	
23	Main accounting	Follow up of Actions from 2020/21 Audit Assignment - Main Accounting Review	-	5/11	3	
24	ICT Auditing	Follow up of Actions from 2022/23 Audit Assignment - Systems Access Controls	-	5/14	10	
25	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Void repairs	-	5/15	3	
26	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Fostering and Adoption	-	5/6	3	
27	Main Accounting	Follow up of Actions from 2022/23 Audit Assignment - NDR Relief Review	-	5/4	3	
28	Directorate	Follow up of Actions from 2022/23 Audit Assignment - Implementation of Care Inspectorate/Scottish Government Improvement Plans	-	5/6	3	
29	Governance and Best Value	Follow up of Actions from 2022/23 Audit Assignment - arrangements in place around the use of HubSW	-	5/11	4	
30	Contingency	Follow up of Actions from 2022/23 Audit Assignment - Golf Club House Income Controls	-	5/4	5	38
Other Entities						
	AVJB	To be approved by AVJB	-	-	25	
	IJB	To be approved by IJB	-	-	25	50
Other						

No	Audit Area	Objectives	Link to Council Plan	Link To Strategic Risk Register (as at 16/2/23)	Estimated Days	Total Estimated Days
	Investigations	Allowance for investigations of irregularities.	-	4	20	
	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups	-	-	5	
	Advice and Guidance (Service Reviews/ Redesign)	Allocation of time to allow Internal Audit to respond to requests from services to provide advice & guidance or to review updated/changes to procedures following Service redesigns, or implementation of new processes or ICT Systems	-	3	30	
	Contingency	Contingency budget for unplanned commitments arising during the year	-	-	15	
	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2022/23	-	-	50	
	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments	-	-	50	
	QAIP	Annual self-assessment of compliance with PSIAS	-	-	10	180
TOTAL						610

PROPOSED RESERVE LIST 2023/24

Rank*	Audit Area	Description	Estimated Days
1	Procurement	Review of updated procedures following implementation of Oracle Fusion	20
2	United Nations Convention on the Rights of the Child (UNCRC)	Review of arrangement in place to ensure compliance with legislation (dependent on implementation of legislation)	20
3	Fleet Management	Review of implementation of new Fleet Management System (dependent on timing of implementation)	20
4	Family Wellbeing Fund	Review of arrangements to ensure they compliance with National Guidance/ Legislation (timing dependent of when funding received)	20
5	Service Level Agreement	ARA - Obtain assurance of compliance with SLA, specifically in relation to performance reporting.	20
6	One 2 One devices in schools	Review of controls around issuing devices, restricting access (scheme not yet rolled out by Scottish Government)	20
7	Financial Intervention Orders/Corporate Appointeeships	Review of the financial intervention orders/corporate appointeeship procedures to confirm they are conducted timeously.	10
8	NDR - Relief	Review to ensure compliance with the NDR Empty Property relief and Discretionary Relief Polices approved by Council December 2022.	15
9	Asset Management/Community asset transfer	Review of asset management/ community asset transfer processes/procedures to ensure they include adequate controls to protect the Council from financial loss (timing requires to allow for new assistant director to take up post)	20

*Ranked in order of risk assessment

South Ayrshire Council Internal Audit Charter

1. Introduction

Under the Local Authority Accounts (Scotland) Regulations 2014 paragraph 7(1), a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. The standards and practices applied in the UK for all public sector internal audit providers, in-house, shared or outsourced, are the Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013 (updated in April 2017).

South Ayrshire Council has fully adopted the Public Sector Internal Audit Standards (PSIAS), which defines internal auditing as:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

PSIAS (Standard 1000), requires that the purpose, authority and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter which is consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

The full Standards and Code of Ethics are available via this link: [PSIAS](#).

2. Core Principles

The Core Principles (PSIAS Section 5), taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives, and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focussed
- Promotes organisational improvement.

The *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *Standards*, and the *Definition of Internal Auditing* are mandatory.

3. Roles and Definitions

The PSIAS (Standard 1000) requires the Council to define its interpretation of the following generic terms for the purposes of internal audit activity:

- 'The Board' – the Audit and Governance Panel
- 'The Chief Audit Executive' – the Chief Internal Auditor

- ‘Senior Management’ – the Executive Leadership Team

Other roles laid out in the PSIAS are defined in South Ayrshire Council as:

- ‘The Head of Paid Service’ – Chief Executive
- ‘The Monitoring Officer’ – Head of Legal and Regulatory Services
- ‘The Chief Financial Officer’ – Head of Finance, ICT and Procurement

4. Role of the Audit Committee

The Audit and Governance Panel acts as the Council’s audit committee. In that capacity it has the following responsibilities:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving communications from the Chief Internal Auditor on Internal Audit performance relative to its plan and other matters; and
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope or resource limitations placed on the service.

5. Role of Senior Management

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance.

Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice and recommendations, or formally reject them accepting responsibility and accountability for doing so.

6. Mission of Internal Audit

To enhance and protect organisational value, by providing risk-based and objective assurance, advice and insight.

7. Authority of Internal Audit

The authority of Internal Audit is contained in the Financial Regulations of the Council (updated December 2018) and Internal Audit reports administratively to the Depute Chief Executive and Director – People, and in line with PSIAS reports functionally to the Audit and Governance Panel.

Officers of Internal Audit have authority per the Financial Regulations, on production of identification, to:

- enter at all reasonable times any Council premises or land;
- have unrestricted access to all records, personnel, assets, documents and correspondence relating to any financial or other transaction of the Council;
- have access to all IT hardware/software running systems on behalf of South Ayrshire Council, including hardware/software owned by third party service providers;
- require and receive such explanations as are necessary concerning any matter under examination; and
- require any employee of the Council to produce cash, stores or any other Council property under his/her control.

8. Position of Internal Audit

Internal Audit is an independent review activity. It is not an extension of, or a substitute for, the functions of line management. Internal Audit must be independent and therefore remain free from undue influence or other pressures affecting its actions and reporting and to that end:

- Internal Audit has a direct reporting line to the Chief Executive and functionally to the Council's Audit and Governance Panel in its role as the Council's audit committee;
- the Chief Internal Auditor has unfettered access to the Executive Leadership Team;
- the Chief Internal Auditor meets regularly with the Chair of the audit committee;
- the Chief Internal Auditor attends all audit committee meetings; and
- all audit reports are issued directly by, and in the name of, the Chief Internal Auditor.

9. Responsibilities and Objectives of Internal Audit

A professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The main objectives of Internal Audit are:

- Examine, evaluate and report on the adequacy of internal controls as a contribution to the efficient, effective and economic use of resources;
- Follow up, on a sample basis, the implementation of audit action points;
- Maintain independence and integrity to permit the proper performance of the audit function;
- Prepare an annual evidence based opinion on the adequacy of the Council's internal control systems;
- Assist officers and members of the authority in the effective discharge of their responsibilities including the Section 95 Officer responsible for ensuring the proper administration of the authority's financial affairs; and
- To support the Chief Executive in discharging their overall responsibilities as Head of Paid Service.

The Chief Internal Auditor's annual report is presented to the Audit and Governance Panel and is used to support the Council's Annual Governance Statement.

10. Independence and Objectivity

Internal Audit is completely independent of all financial systems operating within the Council. Internal Audit will determine its priorities with those charged with governance.

Senior management is responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services. Line management is responsible for maintaining internal control, including the maintenance of proper accounting records and other management information suitable for running the affairs of the Council.

Internal Audit will not be responsible for the development or implementation of any activity which it would normally review. Staff of Internal Audit will not assume responsibility for the design, installation, operation or control of any procedures within directorates. Internal Audit can however advise on the internal control implications of any proposed systems changes, including new systems being introduced. Internal Audit should be informed by management of all proposals for new systems and major alterations to current systems. Internal Audit will work with relevant managers to ensure that appropriate mechanisms are incorporated to minimise control risks.

The internal audit team will ensure that independence and objectivity are maintained in line with the PSIAS (Standards 1100-1130) including where non-audit work is undertaken. Internal auditors will

have no operational responsibilities. Internal Auditors are required to complete an annual Declaration of Independence and an objectivity register is in place to ensure an accurate and up to date register of all potential conflicts is maintained.

Internal auditors will treat as confidential the information they receive in performing their duties. There must not be any unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of an audit will not be used to effect personal gain.

11. Planning

Internal Audit's primary task will be to review the systems of internal control operating throughout the Council. The responsibility for the production and execution of the risk based audit plan and subsequent audit activities rests with the Chief Internal Auditor.

The Chief Internal Auditor will:

- prepare an annual audit plan which will be regarded as flexible and will be continually amended and updated in the light of experience gained from audit work conducted, emerging risks to the Council and the changing environment in which audit work is conducted.
- agree the annual plan with the Chief Executive;
- seek elected members approval of the plan via the Audit and Governance Panel in its role as the Council's Audit Committee; and
- present a report each year to members outlining the actual audit work undertaken in the previous financial year and also giving an overall opinion on the adequacy of the systems and controls operated by the Council. This will include a statement confirming internal audit's compliance with PSIAS.

12. Arrangements for Appropriate Resourcing

As stated in the CIPFA Application Note, *"No formula exists that can be applied to determine internal audit coverage needs. However, as a guide, the minimum level of coverage is that required to give an annual evidenced-based opinion. Local factors within each organisation will determine this minimum level of coverage."*

The annual audit plan is based on the number of audit resources available for the year with the objective of giving an evidence based opinion. High risks identified during the audit planning process are accommodated. Different areas of key financial systems are audited on an annual basis scheduled over a multi-annual cycle to ensure coverage of the whole systems.

If during the risk assessment at the planning stage a shortfall in resources available is identified, the Chief Internal Auditor will advise the Chief Executive followed by the Executive Leadership Team and Audit and Governance Panel as required to assess the associated risks or to recommend additional resources are identified.

Internal audit work is prioritised according to risk, through the judgement of the Chief Internal Auditor, informed by the Council's risk registers and in consultation with the Corporate Leadership Team.

Should circumstances arise, during the year, that resources fall or appear to be falling below the minimum level required to provide an annual evidence based opinion the Chief Internal Auditor will advise the Chief Executive, the Executive Leadership Team and the Audit and Governance Panel.

13. Assurance Services

Internal Audit work covers all Council activities, systems and processes and includes (but is not limited to):

- examining and evaluating the adequacy of the Council's system of internal control, including those pertaining to the deterrence, detection and investigation of fraudulent or illegal acts;
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- appraising the economy and efficiency with which resources are employed;
- reviewing the identification and assessment of risk by management;
- reviewing aspects of the control environment affected by significant changes to the organisation's risk environment;
- reviewing the Council's procedures and activities in relation to best value;
- co-ordinating Internal Audit activities with the work of the external auditors and assisting the external auditors as required;
- recommending, in consultation with management, appropriate solutions to identified systems weaknesses;
- ensuring management has confirmed action has been taken to implement audit recommendations; and
- in line with the principles of Following the Public Pound Internal Audit shall review, appraise and report on all services and other activities for which the Council is responsible or accountable, whether delivered directly or by third parties through contracts, partnerships or other arrangements.

14. Consultancy Services

The PSIAS defines consulting services as follows:

"Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training."

Consultancy and advice services, including work on fraud related matters may be undertaken from time to time at the request of senior management. A provision is included in the annual audit plan for this type of work.

When undertaking such work auditors will not take on management responsibility for the project. Ultimate responsibility for the decisions taken within the area under review remains with senior management. Acceptance of any assignment will be dependent on available resources, the nature of the assignment and any potential impact on future assurances. The objectivity of individual audit staff will be managed in assigning any subsequent assurance work. Auditors involved in consultancy work will not audit that area for a minimum of one year after the completion of the consultancy work.

Significant consultancy assignments will be reported separately to the audit committee. Any significant consulting exercise, not included in the annual audit plan, should have the approval of the audit committee. Significant is defined as any single assignment equivalent to 5% of annual planned days.

15. Non Audit Work – Counter Fraud

Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption.

The Corporate Fraud Team who sit within the remit of the Chief Internal Auditor will assist management in the effective discharge of this responsibility and will also undertake proactive work to identify potentially fraudulent activity.

Any evidence or reasonable suspicion of irregularities should be dealt with in accordance to the Council's Special Investigations Procedure and Anti-Fraud and Anti-Bribery Strategy. It is the responsibility of each member of the Corporate Leadership Team to promote awareness of and adherence to these procedures.

In accordance with the Council's Special Investigations Procedure and Anti-Fraud and Anti-Bribery Strategy the Chief Internal Auditor will be notified of all suspected or detected fraud, corruption or impropriety, to inform the annual audit opinion and the risk-based plan.

The Corporate Fraud Team activity will be reported to the Audit and Governance Panel twice yearly separately from the Internal Audit progress against plan.

16. Other Parties Out with the Council

The Chief Internal Auditor is responsible for presenting an annual statement on the adequacy and effectiveness of the internal control system of the Ayrshire Valuation Joint Board (AVJB). The Chief Internal Auditor has also been appointed as the Chief Internal Auditor of the South Ayrshire Integration Joint Board (IJB).

The spirit of this Internal Audit Charter will also apply to the IJB and AVJB.

17. Quality Assurance and Improvement Programme (QAIP)

The Chief Internal Auditor will develop and maintain a Quality Assurance and Improvement Programme that covers all aspects of the internal audit activity. This includes both internal and external assessments.

All audit work is subject to in-house quality control procedures whereby each audit review is subject to peer review. The audit service will undertake an annual self-assessment using the PSIAS checklist.

An external assessment will be conducted at least once every five years by a suitably qualified, independent assessor and may be a full assessment or validation of a self-assessment in line with the PSIAS (Standard 1300). The results of these assessments will be communicated to the Audit and Governance Panel with exception reporting of outstanding action points thereafter.

The feedback of the Chief Executive and the Chair of the Audit and Governance Panel will be sought during the performance appraisal of the Chief Internal Auditor.

18. Approval

This Charter was submitted to, and approved by, the Audit and Governance Panel, in its role as the Council's audit committee, on 22 March 2023. It will be subject to annual review and update as required. All amendments will be subject to approval by the Audit and Governance Panel.

LINKS BETWEEN STRATEGIC RISK REGISTER (AS AT 16 FEBRUARY 2023) AND 2023/24 INTERNAL AUDIT PLAN

Risk No	Risk Title	2023/24 Assignment
1	Decision making and governance	Participatory Budget, Ayrshire Growth Deal
2	External factors including contingency planning	Follow up of 2022/23 Audit Assignment and review of 2022/23 Climate Change Duty compliance return
3	Strategic planning – recovery and renew	Workforce Planning, time to allow Internal Audit to respond to requests from services
4	Integrity	NFI, Procurement, records management, Housing Let - Anti-Fraud review, review of cash collection in Leisure Facilities, Self-Assessment, grant audit and Continuous Auditing, Follow up of NDR Ant-fraud review and Golf Clubhouse income controls
5	Internal Audit Actions	Follow Up Assignments
6	Child and Adult Protection	External Providers, Premises follow up of fostering and adoption and Implementation of Care Inspectorate/Scottish Government Improvement Plans
7	Public and Employee Protection	-
8	Sustainable Development and Climate Change	Follow up of 2022/23 Audit Assignment and review of 2022/23 Climate Change Duty compliance return
9	Financial Inclusion	Attainment Scotland Fund
10	Ground Maintenance - Ash Tree Die Back	-
11	Financial Constraints	Review of procedures following implementation of Oracle Fusion (Main Accounting and HR), Participatory Budget, Follow Up of Main Accounting and Hub SW arrangements,
12	Employee Absence	Workforce Planning
13	Workforce Planning	Workforce Planning
14	ICT – Digital Resilience, Protection and Capability	Social Media account management, Follow up of systems access controls
15	Management of Assets	Waste management review, Follow up of void repairs

**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 Internal Audit Plan 2023/24
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 the internal audit plan for 2021/22. Their decision on this has no specific equality implications.

Signed : Cecilia McGhee, Chief Internal Auditor

Date: 20 February 2023