



Internal Audit plan 2021/2022 – mid-year progress report

Committee Audit and Standards

Date of meeting 26 November 2021

Date of report 2 November 2021

Report by Acting Chief Executive

1. Object of report

To ask the committee to note the progress made to date in achieving the Internal Audit plan and performance objectives for 2021/2022.

2. Background

Internal Audit plan 2021/2022

The Internal Audit plan 2021/2022 was approved by the Audit and Standards committee, at its meeting of 19 February 2021.

The Internal Audit plan provides the direction of travel and a framework for internal audit work in the forthcoming year. The plan is aligned to the Partnership's strategic objectives, the (local) code of corporate governance and assurance framework(s), whilst having scope to be responsive to change.

The risk-based plan and the scope of each engagement have been informed by:

- assurance framework(s);
- risk registers;
- external factors (i.e. governance initiatives, intelligence and networking);
- Strategy Group and senior management consultation.

Internal Audit coverage

The Audit and Assurance team provide Internal Audit services to Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee. Most of the planned assurance engagements encompass both organisations as they share common core systems and business processes.

3. Outline of proposals

Internal Audit plan 2021/2022

The main objective of the Internal Audit plan for 2021/2022 is to provide an agile assurance service that assesses the effectiveness and efficiency of the Partnership's systems for internal control. The plan includes provision for consulting activities and fraud-related work.

Assurance engagements

Assurance engagements are an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes and that operations are being conducted in accordance with external regulations, legislation, internal policies and procedures (i.e. financial, performance, compliance and system security engagements). Assurance levels are based upon findings and conclusions at an individual engagement level which, when collated on an annual basis, support SPT's view on systems for internal control.

Eight assurance engagements have been completed and reported to the Audit and Standards committee in 2021/2022, to date. A summary of each completed engagement and the assurance level(s) offered, is shown in Appendix 1.

To assist members a copy of the level(s) of assurance assigned to each engagement is provided to the committee at Appendix 2.

In addition, seven follow-up reviews of assurance engagements have been completed in the year to November 2021. Follow-up reviews found that 21 of the 33 (64%) recommendations from these previously reported engagements have been implemented.

Consulting activities

Consulting activities are advisory in nature and relate to specific requests from senior management. They are intended to add value and improve governance, risk management and control processes without the internal auditor assuming management responsibility.

During 2021/2022, Audit and Assurance has provided consulting services in relation to SPT's response to Audit Scotland reports, business continuity planning arrangements and co-ordination of progress to implement the cyber resilience framework.

Fraud initiatives

Managing the risk of fraud and corruption is the responsibility of SPT management. Audit and Assurance assist management in the effective discharge of this responsibility. The Counter Fraud Strategy (including Anti-Fraud and Corruption Policy, Whistle Blowing Policy and Financial Regulations relating to financial irregularity) outlines the Partnership's commitment to raise awareness, prevent, detect, investigate and report fraud. The annual Internal Audit plan includes provision for fraud-related work to support this strategy.

Audit and Assurance has provided assistance to management in line with the Partnership's commitment to raise awareness, prevent, detect, investigate and report fraud.

A report was presented to the Audit & Standards meeting of 4 June 2021 on the National Fraud Initiative (NFI) outcomes 2020/2021.

Audit plan days

In the year to 29 October 2021, 201 of the 350 audit plan days (57%) have been achieved.

Quality Assurance and Improvement Programme

In accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), a self-assessment exercise and quality assurance and improvement programme (QAIP) 2021/2022 for the Audit and Assurance service has been completed. This exercise used good practice guidance, namely, the CIPFA local government application note for the UK Public Sector Internal Audit Standards 2019, as the benchmark.

The self-assessment found that the Audit and Assurance service conforms with the *International Standards for the Professional Practice of Internal Auditing*.

The QAIP for 2021/2022 is outlined at Appendix 3.

Independence

The Audit and Assurance service has been independent in its planning, operation and activity throughout 2021/2022, as set out in the Internal Audit Charter.

Public Sector Internal Audit Standards (PSIAS)

All engagements have been conducted in conformance with the Public Sector Internal Audit Standards (PSIAS) and the Internal Audit Charter.

4. Conclusions

The Internal Audit plan for 2021/2022 was approved by the Audit and Standards committee, at its meeting of 19 February 2021. Good progress has been made, to date, in achieving the Internal Audit plan for 2021/2022.

5. Committee action

The committee is asked to note the contents of this report and the progress made to date in achieving the Internal Audit plan for 2021/2022.

6. Consequences

Policy consequences	<i>In accordance with the Public Sector Internal Audit Standards 2017.</i>
Legal consequences	<i>In accordance with the Local Authority Accounts (Scotland) Regulations 2014.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

Name Neil Wylie

Title **Director of Finance**

Name Valerie Davidson

Title **Acting Chief Executive**

For further information, please contact Iain McNicol, Audit and Assurance Manager.

Audit and Standards Committee – 26 November 2021
Internal Audit plan 2021/2022

Assurance engagements reported as at November 2021

No.	Internal Audit plan engagement title	Status	Number of Recommendations	Date reported to Audit and Standards Committee	Assurance level
1	Regularity audit of Subway annual stock count	Complete	Nil	4 June 2021	Reasonable
2	Regularity audit of bus infrastructure annual stock count	Complete	Nil	4 June 2021	Reasonable
3	Contract audit of escalator and lift maintenance	Complete	4	27 August 2021	Reasonable
4	Contract audit of waste management services	Complete	3	27 August 2021	Reasonable
5	Core financial system review of procurement cards	Complete	1	26 November 2021	Reasonable
6	Value for money study of electronic signature	Complete	2	26 November 2021	Reasonable
7	Regularity audit of recruitment administration	Complete	3	26 November 2021	Reasonable
8	Regularity audit of the public bodies climate change duties report	Complete	Nil	26 November 2021	Sound in most areas

Levels of Assurance
(Statement of opinion on the adequacy and effectiveness of internal controls)

Engagement findings and conclusions	Statement of opinion on the adequacy and effectiveness of the internal controls	Assurance Level
Objectives of internal control have been met in all areas within the scope of the audit engagement. Key controls exist and are applied consistently and effectively in all areas.	Clean opinion	'Sound Assurance' [Full Assurance]
Objectives of internal control have been met in almost all areas within the scope of the audit engagement. Key controls exist and are applied consistently and effectively in most areas. Areas for Improvement are Low risk.	Clean opinion	'Sound Assurance in most areas' [Substantial Assurance]
Objectives of internal control have been met in the majority of areas within the scope of the audit engagement. Some non-compliance/weaknesses identified. Key controls exist and are applied consistently and effectively in the majority of areas. Areas for Improvement are Medium risk.	Clean opinion	'Reasonable Assurance' [Moderate Assurance]
Objectives of internal control have not been fully achieved within the scope of the audit engagement. Non-compliance/weaknesses identified. Key controls exist but are not applied consistently and effectively. Areas for Improvement are Medium and/or High risk.	Qualified opinion	'Reasonable Assurance Except for.....' [Limited Assurance]
Objectives of internal control have not been achieved within the scope of the audit engagement. Significant non-compliance/weaknesses identified. Areas for Improvement are High risk.	Adverse opinion	'Reasonable Assurance cannot be placed' [No Assurance]



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Audit and Assurance - Public Sector Internal Audit Standards (PSIAS) self-assessment

Quality Assurance and Improvement Plan (QAIP) 2021/2022

PSIAS reference(s)	Area for Improvement	Action(s)	Lead Officer	Timescale
<i>1210 Proficiency</i> <i>1230 Continuing Professional Development (CPD)</i>	Skills, knowledge and continuous professional development of Audit and Assurance team.	Implement training plan 2021/2022. Continue to identify areas to enhance service delivery.	Audit and Assurance manager	On-going/ March 2022