



### Internal Audit plan 2019/20 – mid-year progress report

**Committee**            Audit and Standards

**Date of meeting**    29 November 2019

**Date of report**    19 November 2019

#### Report by Assistant 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 2019/20.

#### 2. Background

##### Internal Audit plan 2019/20

The Internal Audit plan 2019/20 was approved by the Audit and Standards committee, at its meeting of 22 February 2019.

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 2019/20

The main objective of the Internal Audit plan for 2019/20 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 to ensure 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.

Eleven assurance engagements have been completed and reported to the Audit and Standards committee in 2019/20, 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, eighteen follow-up reviews of assurance engagements have been completed in the year to November 2019. Follow-up reviews found that 55 of the 63 (87%) of the 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 2019/20, Audit and Assurance has provided consulting services in relation to SPT's response to Audit Scotland reports, business continuity planning, performance reporting and additional support needs and vocational transport arrangements.

#### 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.

#### Audit plan days

In the year to 1 November 2019, 192 of the 350 audit plan days (55%) 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) 2019/20 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 2019/20 is outlined at Appendix 3.

## Independence

The Audit and Assurance service has been independent in its planning, operation and activity throughout 2019/20, 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 2019/20 was approved by the Audit and Standards committee, at its meeting of 22 February 2019. Good progress has been made, to date, in achieving the Internal Audit plan for 2019/20.

## **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 2019/20.

## **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>

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**Name** Gordon Maclennan

**Title** **Assistant Chief Executive**

**Title** **Chief Executive**

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