

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE28 March 2024Report by Chief AuditorINTERNAL AUDIT STRATEGIC PLAN 2024/25 TO 2028/29**PURPOSE OF REPORT**

1 The Public Sector Internal Audit Standards 2017 require the Audit Service to establish risk based plans to determine the priorities of the Internal Audit Team. This report presents Internal Audit's 5 year strategic plan for 2024/25 to 2028/29 to members for approval. The strategic plan includes the detailed annual plan for 2024/25 plus the indicative number of days to be spent in the following four years based on the risk assessed audit universe which lists all potential audits.

**BACKGROUND**

2. As stated in the Internal Audit Charter, the Internal Audit service is an independent assurance and appraisal unit within the Chief Executive's Office. It performs independent examinations of accounting, financial and other operations of the Council to provide an annual assessment on the controls in place to the Audit and Scrutiny Committee. This is achieved by undertaking an annual programme of audits based on the annual plan approved by the Audit and Scrutiny Committee. Independence is achieved through the organisational status of Internal Audit and the objectivity of internal auditors. The Chief Auditor reports directly to the Chief Executive and presents directly to the Audit & Scrutiny Committee.

3. Through independently reviewing the Council's key systems and controls, Internal Audit helps to ensure that the corporate aim of providing outcomes for residents and communities is achieved. Internal Audit contributes to the realisation of the Council vision to be a modern ambitious council with the ultimate aim of making people's lives better.

4. Internal Audit is required to give an annual assurance statement on the adequacy of internal controls. The evaluation of the control environment is informed by a number of sources:

- The results of the work carried out by the Internal Audit service
- The results of the work carried out by the Council's external auditor
- The assessment of risk completed during the preparation of the annual plan
- Reports issued by other agencies such as Education Scotland, Care Inspectorate etc
- Knowledge of the Council's governance, risk management and performance monitoring arrangements.

5. In reviewing these different sources of evidence, consideration will be given as to whether any key controls are absent or ineffective and when taken together with other findings, would lead to the conclusion that the overall system of control has been significantly impaired as a result.

6. The Internal Audit service operates in accordance with the revised Public Sector Internal Audit Standards (PSIAS) and within the context of the Internal Audit Charter. Internal Audit work is governed by the policies, procedures, rules and regulations established by the Council such as the Contract Standing Orders, Financial Regulations and the Anti-Fraud and Bribery Strategy.

## **STRATEGIC AUDIT PLAN 2024/25 TO 2028/29**

7. The work performed by Internal Audit is based on a rolling 5 year strategic plan (see attached appendix 1) which is revised annually to take into account changes in circumstances.
8. In preparing the plan, members of the corporate management team and elected members were consulted to ensure that current and developing risks were appropriately considered and included in the strategic audit plan. The corporate strategic risk register was also reviewed to ensure that key identified areas of risk such as contract management and budgetary control were included in the audit universe as appropriate.
9. In accordance with the revised Public Sector Internal Auditing Standards (PSIAS) which require a risk based approach to be taken when preparing the plan, audits have been prioritised based on risk assessments, the service's collective experience of the risks involved, resources available and knowledge gained over the past 5 years. It is also important that annual audit coverage is sufficient to allow Internal Audit to conclude on the adequacy of internal controls. Contingency time is available to allow any further risk related work to be carried out should this be required for new or changing risks identified during the year. It should be noted that the risk ratings noted on the audit universe are supported by a more detailed assessment of risk in supporting working papers used to prepare the plan and this considers control risk, materiality risk and sensitivity risk for each area.
10. A number of key financial systems have been identified, including payroll, financial ledger and budgetary control, cash income and banking, accounts receivable (debtors), council tax, accounts payable (creditors), rent accounting, and housing and council tax benefit/universal credit. The aim is that all identified systems in the audit universe will be audited at least once in the 5 year cycle however the key financial systems will usually be audited more frequently than this depending on the perceived risks. The timing of systems audits will also be adjusted to avoid duplication of effort with external audit where possible.
11. The consultation process and risk assessment used to prepare the plan sometimes results in new audits being added to the audit universe or being rescheduled for review in a different year (for example contract and supplier management).
12. Similarly, some audits have now been deleted from the audit universe as they are no longer applicable or have low risk assessments or been merged with other audits (for example grant certification, members expenses, NDR, parks and other outdoor income, LG Benchmarking Framework).
13. The Internal Audit service supports the Council's commitments outlined in the Outcome Delivery Plan by monitoring the systems that underpin the delivery of these commitments. Employees who work for Internal Audit adhere to the corporate values.
14. A total of 20 audit days have been included in the annual plan for providing an internal audit service to East Renfrewshire Culture and Leisure Trust (ERCLT). The scope of audits to be carried out using these days will be agreed with the management of ERCLT and members of its Finance, Audit and Risk Committee. Resulting audit reports will be issued directly to the Chief Executive of ERCLT.

## **AUDIT RESOURCES ASSESSMENT**

15. The Internal Audit section has an establishment of five members of staff (4.7 FTE) including the Chief Auditor. There is one vacant post at the time of preparing this plan but an assumption has been made that this will be filled in the first quarter of 2024/25 when calculating the number of audit days available.

16. The number of days available in 2024/25 has been estimated and compared to the number of days required and is based on 4.7 full time equivalent (FTE) staff. Assumptions are made to calculate total working days available and this is then split between direct and indirect audit days as shown in appendix 2. On the basis of the audit universe which lists all potential audits, an estimated 3,596 days are required to complete all planned audits at the required frequency within the 5 year period. An estimated 3,589 staff days are available for direct audit work over this same period, leaving an estimated shortfall of only 7 days over the 5 year period which is considered manageable. Audit resources are assessed as being sufficient to provide an evidence based opinion.

17. In line with good practice, the internal audit plan will be reviewed on a regular basis throughout the year and may be adjusted in response to changes in audit resources or the Council's business, risks, systems and controls. Any such required changes to the plan will be drawn to the Committee's attention as part of the quarterly reporting mechanism already in place.

## **RECOMMENDATION**

18. The committee is asked to approve Internal Audit's Strategic Plan for 2024/25 to 2028/29.

Further information is available from Michelle Blair, Chief Auditor  
13 March 2024

**EAST RENFREWSHIRE COUNCIL**

**Internal Audit Section**

**STRATEGIC AUDIT PLAN**

**2024/25 to 2028/29**

<b>Contents</b>
Annual Audit Plan 2024/25
Summary of Strategic Plan
Audit Days Available
Audit Universe

**101**  
**EAST RENFREWSHIRE COUNCIL**

**Internal Audit Section**

**ANNUAL AUDIT PLAN 2024/25**

<b>Department</b>	<b>Title</b>	<b>Audit Number</b>	<b>No. of Days</b>
<b>Chief Executives Office</b>			
<b>Business Operations and Partnerships</b>	Accounts Payable	1	12
	Accounts Receivable	2	12
	Cash Income and Banking	3	22
	Council Tax – Reductions and Liabilities	4	24
	Housing Benefit/UC – Assessment	5	30
	Overtime	6	25
<b>Education</b>	Cashless Catering and Parentpay	7	30
	Early Learning and Childcare Payments	8	25
	Schools Cluster – St Ninians	9	40
<b>Environment</b>	City Deal	10	15
	Commercial Rents	11	20
	Energy and Fuel	12	25
	Highways Maintenance	13	20
	Project Management of Capital Projects	14	25
<b>Housing</b>	Housing Allocations	15	28
<b>HSCP</b>	Bonnyton House	16	10
	St Andrews House	17	12
	Payments to Care Providers	18	25
<b>Computer Audit</b>	Environmental Controls - General	19	10
<b>Other Bodies</b>	IJB	20	15
	ERCLT	21	20
<b>Various</b>	Contract and Supply Management	22	25
	Fraud Contingency	23	50
	General Contingency	24	40
	Follow Up	25	50
	Previous Year Audits	26	31
			<b>641</b>

**102**  
**EAST RENFREWSHIRE COUNCIL**

**Internal Audit Section**  
**SUMMARY OF STRATEGIC PLAN**

<b><u>Type of Audit</u></b>	<b><u>2024/25</u></b>	<b><u>2025/26</u></b>	<b><u>2026/27</u></b>	<b><u>2027/28</u></b>	<b><u>2028/29</u></b>	<b><u>Total</u></b>
Systems/Regularity Audit	406	634	455	440	341	2,276
Contract Audit	50	45	45	70	45	255
Computer Audit	10	60	57	27	36	190
Fraud Contingency	50	50	50	50	50	250
General Contingency	40	40	40	40	40	200
Previous Year Follow Up	50	50	50	50	50	250
IJB	15	15	15	15	15	75
ERCLT	20	20	20	20	20	100
<b>Total</b>	<b>641</b>	<b>914</b>	<b>732</b>	<b>712</b>	<b>597</b>	<b>3,596</b>

**103**  
**EAST RENFREWSHIRE COUNCIL**

**Internal Audit Section**

**AUDIT DAYS AVAILABLE**

<b>ESTIMATED ANNUAL DAYS AVAILABLE</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>TOTAL</b>
		<b>Days</b>					
Number of days in full year	Note 1	1,206	1,226	1,226	1,231	1,222	6,111
Less:							
Public Holidays		46	46	46	46	46	230
Annual Leave		152	152	152	152	152	760
Purchase of Annual Leave		4	6	6	6	6	28
Sickness Absence		15	15	15	15	15	75
Induction		60					60
Authorised Absence		10	5	10	10	5	40
<b>Working days available</b>		<b>919</b>	<b>1,002</b>	<b>997</b>	<b>1,002</b>	<b>998</b>	<b>4,918</b>
<b>Indirect Audit Work :-</b>							
Administration		50	50	50	50	50	250
Planning		15	15	15	15	15	75
Courses/training		30	25	25	25	25	130
Seminars & Audit Meetings		36	36	36	36	36	180
Audit Committee/team meets		44	44	44	44	44	220
PSIAS	Note 2	15	3	3	3	10	34
HGIOS/AGS		3	3	3	3	3	15
PRD		15	15	15	15	15	75
Consultancy		20	20	20	20	20	100
<b>Total for Indirect Audit Work</b>		<b>228</b>	<b>211</b>	<b>211</b>	<b>211</b>	<b>218</b>	<b>1079</b>
<b>Estimated time available for direct audit work</b>		<b>691</b>	<b>791</b>	<b>786</b>	<b>791</b>	<b>780</b>	<b>3,839</b>
Reporting		50	50	50	50	50	250
Audit Work		641	741	736	741	730	3,589
		<b>691</b>	<b>791</b>	<b>786</b>	<b>791</b>	<b>780</b>	<b>3,839</b>
Total direct as % of available days		<b>75%</b>	<b>79%</b>	<b>79%</b>	<b>79%</b>	<b>78%</b>	<b>78%</b>

Note 1 Internal audit has 4.7FTE established posts including Chief Auditor.

Note 2 Additional days for PSIAS in years where external assessments are involved.

## EAST RENFREWSHIRE COUNCIL

## Internal Audit Section

## AUDIT UNIVERSE

Title	Dept	2024	2025	2026	2027	2028	Total	Freq (yrs) 1=annual	Gen Risk
<b>Accounts Payable (Creditors) (systems audit to include invoicing and interfaces)</b>	BOP	12	12	25	12	12	73	1	M
<b>Accounts Receivable (debtors)</b>	BOP	12	25	12	12	25	86	1	M
Barrhead Payment Centre	BOP				15		15	5	L
<b>Cash Income and Banking</b>	BOP	22			22		44	3	M
Clothing Grants / Free Meals	BOP			12			12	5	L
Community Safety Unit	BOP			20			20	5	L
Complaints Monitoring	BOP		15				15	5	L
<b>Council Tax - Reductions/liability</b>	BOP	24			24		48	3	M
<b>Council Tax - Billing &amp; Coll.</b>	BOP			24			24	3	M
<b>Council Tax - Recovery and Enforcement</b>	BOP		20			20	40	3	M
GDPR	BOP			15			15	5	L
<b>Housing Benefits/UC - admin post opening payments</b>	BOP		20			20	40	3	M
<b>Housing Benefits/UC - assessment</b>	BOP	30			30		60	3	H
<b>Housing Benefits/UC - overpayments and fraud</b>	BOP			20			20	3	M
Income Maximisation, money advice, welfare rights	BOP		30				30	5	L
Insurance Arrangements	BOP		10				10	5	L
IT asset management	BOP					20	20	5	L
Maximising Attendance	BOP			20			20	5	L
Overtime	BOP	25					25	5	L
<b>Payroll - All payruns</b>	BOP		30		30		60	2	H
Scottish Welfare Fund	BOP				15		15	5	L
Travelling & Subsistence	BOP			12			12	5	L
Corporate Procurement Cards	Ch Exec Office		15				15	5	L
<b>Financial Ledger and budgetary control</b>	Ch Exec Office			25			25	3	M
Licensing Income	Ch Exec Office		20				20	5	L
<b>Ordering &amp; Certification</b>	Ch Exec Office		25			25	50	3	M
Record Management Plan	Ch Exec Office			15			15	5	L
<b>Treasury Management</b>	Ch Exec Office				20		20	5	L
VAT (including vat free)	Ch Exec Office				12		12	5	L
Building Cleaning	Educ		15				15	5	L
Cashless catering and Parentpay	Educ	30					30	5	L
Early Learning and Childcare payments	Educ	25			25		50	3	M



**105**  
**EAST RENFREWSHIRE COUNCIL**

**Internal Audit Section**

<b>Title</b>	<b>Dept</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>	<b>Freq (yrs) 1=annual</b>	<b>Gen Risk</b>
ELC Add On (previously wraparound)	Educ		20				20	5	L
Schools - Educational Payments	Educ			10			10	5	L
Schools - Transport (incl SEN)	Educ		25				25	5	L
schools cluster 1 St Lukes	Educ				40		40	7	X
schools cluster 2 Mearns Castle	Educ			40			40	7	X
schools cluster 3 Eastwood	Educ						0	7	X
schools cluster 4 Woodfarm	Educ					40	40	7	X
schools cluster 5 Williamwood	Educ						0	7	X
schools cluster 6 St Ninians	Educ	40					40	7	X
schools cluster 7 Barrhead High	Educ		40				40	7	X
Asset Management	Env			20			20	5	L
Burial Income	Env		10				10	5	L
City Deal	Env	15	15	15	15	15	75	1	X
Climate Change Report	Env		5		5		10	2	X
Commercial rents (ind units/shops)	Env	20					20	5	L
Energy and Fuel (incl utility payments)	Env	25					25	5	L
Grounds Maintenance	Env			15			15	5	L
Health & Safety	Env			15			15	5	L
Highways Maintenance	Env	20			20		40	3	M
PPP projects	Env			20			20	5	L
Project management of capital projects	Env	25			25		50	3	M
Stores	Env				20		20	5	L
Subsidy Control (previously State Aid)	Env			12			12	5	L
Sustainability (incl procurement)	Env		20				20	5	L
Trade Refuse Income and special uplifts, Garden Waste Scheme	Env		20				20	5	L
Vehicle Services	Env		18				18	5	L
Gas Servicing	Housing			15			15	5	L
<b>Housing - Rent Accounting</b>	Housing			20			20	3	M
Housing - voids, garage allocations etc.	Housing		20				20	5	L
Housing Allocations and homeless person accomm	Housing	28			28		56	3	M
Housing Repairs	Housing		25			25	50	3	M
New Council Houses	Housing		30			30	60	3	M
Barrhead Resource Centre	HSCP				10		10	5	L
Bonnyton House	HSCP	10					10	5	L
Care First Finance System application audit	HSCP		30			30	60	3	M
Carers Legislation	HSCP		16				16	5	L
Client Monies	HSCP		30		30		60	2	H
Home Care Services	HSCP		25			25	50	3	M
HSCP Direct Payments	HSCP			15			15	3	M
HSCP emergency payments (Sect 22 & 12)	HSCP					12	12	5	L

**106**  
**EAST RENFREWSHIRE COUNCIL**

**Internal Audit Section**

<b>Title</b>	<b>Dept</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>	<b>Freq (yrs) 1=annual</b>	<b>Gen Risk</b>
HSCP Health Care Centres and area offices (St Andrews House)	HSCP	12					12	5	L
IJB	HSCP	15	15	15	15	15	75	1	X
Kinship, Fostering and Adoption	HSCP			16			16	5	L
Payments to Care providers	HSCP	25			25		50	3	M
Thornliebank Resource Centre	HSCP					12	12	5	L
ERCLT	Trust	20	20	20	20	20	100	1	X
Computer	Various	10	60	57	27	36	190	1	X
Contract and supply management	Various	25					25	5	L
Contract TBC	Various	0	45	45	45	45	180	1	X
Follow up	Various	50	50	50	50	50	250	1	X
Fraud Contingency	Various	50	50	50	50	50	250	1	X
General Contingency	Various	40	40	40	40	40	200	1	X
LG Benchmarking Framework	Various	0	0	0	0	0	0	1	X
Petty Cash	Various			12			12	5	L
Previous year audits	Various	31	30	30	30	30	151	1	X
Risk Management & Corporate Governance	Various		18				18	5	L
<b>Total days needed per universe</b>		<b>641</b>	<b>914</b>	<b>732</b>	<b>712</b>	<b>597</b>	<b>3596</b>		
<b>Available days (automated from audit needs)</b>		<b>641</b>	<b>741</b>	<b>736</b>	<b>741</b>	<b>730</b>	<b>3589</b>		
<b>Audit Needs Assessment</b>	Shortfall/ (over)	<b>0</b>	<b>173</b>	<b>-4</b>	<b>-29</b>	<b>-133</b>	<b>7</b>		

**Risk**

H – High – audited on 2 year cycle

M – Medium – audited on 3 year cycle

L – Low – audited on 5 year cycle

X – Frequency determined by factors other than risk eg external requirement