
Report To:	Audit Committee	Date:	7 January 2025
Report By:	Chief Internal Auditor	Report No:	FIN/80/24/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	INTERNAL AUDIT PROGRESS REPORT – 1 SEPTEMBER TO 31 OCTOBER 2024		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to enable Members to monitor the performance of Internal Audit, to discharge their scrutiny and performance monitoring roles and gain an overview of the overall control environment throughout the Council.
- 1.3 The Monitoring Report from 1 September to 31 October 2024 is attached at Appendix 1 since its content is essential to the understanding of the Council's control environment.
- 1.4 Appendix 2 provides an update on current Red and Amber Internal Audit actions at 31 October 2024.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note the progress made by Internal Audit in the period from 1 September to 31 October 2024.

Andi Priestman
Chief Internal Auditor

3.0 BACKGROUND AND CONTEXT

- 3.1 In June 2024, the Audit Committee approved the Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2024/25.
- 3.2 Internal Audit regularly reports findings and action plans to relevant Council Officers and the Audit Committee as part of the annual audit plan. A process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.
- 3.3 There were no audit reports finalised since the last progress update to Audit Committee in October 2024.
- 3.4 The current status of the 2024/25 audit plan is as follows:

Stage	Number of Reports
Final Report	0
Draft Report	0
Fieldwork Complete – report N/A	0
Fieldwork Complete	2
Fieldwork in Progress	2
Planning	2
Not Started	7
Deferred	0
Total	13

- 3.5 The audit plan for 2024/25 has been reviewed and updated as follows:
- There was a balance of 25 days to be utilised. A risk-based review of Cyber Security will be undertaken by Glasgow City Council and a compliance review will be undertaken in relation to the Council's process for Governance of External Organisations.
 - The audit of ASN Transport has been rescoped as a risk-based review and will focus on reviewing the adequacy and effectiveness of the governance, risk management and key control arrangements which ensure compliance with relevant policies and procedures. The VFM aspect is currently being reviewed by management as part of the Delivering Differently programme.
 - The risk-based audit of Payroll has been refocussed to provide audit support to the Chris21 upgrade project.
- 3.6 In relation to internal audit action plans there were no actions due for completion by 31 October 2024. The current status report is attached at Appendix 2.
- 3.7 The CMT has reviewed and agreed the current status of actions.
- 3.8 The 2024/25 National Fraud Initiative exercise is underway. The required data submission for the exercise is now complete and matches are expected to be released in early 2025.

4.0 PROPOSALS

- 4.1 It is recommended that Committee agree to note the progress made by Internal Audit in the period from 1 September to 31 October 2024.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO
Financial		X
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Financial Risk

There are no financial implications arising directly from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

Where delays arise in delivering the Internal Audit Plan, there is a risk that this may result in an inability to provide a reasonable level of assurance over the Council's system of internal control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is therefore made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

5.4 Human Resources Risk

There are no human resources implications arising directly from this report.

5.5 Strategic

This report helps ensure strong governance, and its findings will help support delivery of the Council Plan adopted by Inverclyde Council on 20 April 2023, and in particular outcome theme 3: Performance, with the Council seeking to provide high quality and innovative services that deliver value for money.

6.0 CONSULTATION

6.1 Relevant officers have been consulted on the contents of this report.

7.0 BACKGROUND PAPERS

7.1 File of completed internal audit reports: Available from the Chief Internal Auditor.



**Audit Committee Report
Report on Internal Audit Activity from
1 September to 31 October 2024**

Section	Contents
1	Audit work undertaken in the period
2	Audit Plan for 2024-2025 – progress to 31 October 2024
3	Corporate Fraud Activity
4	Ad hoc activities undertaken since the previous Audit Committee
5	Special Investigation

1 Audit work undertaken in the period

Reports issued since last update

1.1 In each audit, one of 4 overall opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.
Requires improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

1.2 Detailed findings and recommendations reported to management are currently graded using the following criteria:

Red	<ul style="list-style-type: none"> In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. Corrective action must be taken and should start immediately. Overseen to completion by Corporate Management Team.
Amber	<ul style="list-style-type: none"> In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe. Overseen to completion by Head of Service.
Green	<ul style="list-style-type: none"> In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA). Managed by service owner.

1.3 There were no audit reviews finalised since the last progress update to Audit Committee in October.

1.4 The audit plan for 2024/25 has been reviewed and updated as follows:

- There was a balance of 25 days to be utilised. A risk-based review of Cyber Security will be undertaken by Glasgow City Council and a compliance review will be undertaken in relation to the Council's process for Governance of External Organisations.
- The audit of ASN Transport has been rescoped as a risk-based review and will focus on reviewing the adequacy and effectiveness of the governance, risk management and key control arrangements which ensure compliance with relevant policies and procedures. The VFM aspect is currently being reviewed by management as part of the Delivering Differently programme.
- The risk-based audit of Payroll has been refocussed to provide audit support to the Chris21 upgrade project.

Internal Audit Action Plan Follow Up

1.5 There were no actions due for completion by 31 October 2024. The current status of Internal Audit Action plans is set out at Appendix 2.

**INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY
FROM 1 SEPTEMBER TO 31 OCTOBER 2024**
2 Audit Plan for 2024/2025 – Progress to 31 October 2024

Planned Audit Coverage	Not started	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
Risk-Based Reviews								
Supplier Management (b/f from 2023/24)	✓							
ASN Transport (b/f from 2023/24)	✓							
Care and Support at Home – Delayed Discharge		✓	✓	✓				
Strategic Commissioning		✓						
Vehicle Maintenance		✓						
Cyber Security	✓							
Payroll – Chris21 System Upgrade	Audit support and advice is being provided to the working group. Terms of Reference has been issued.							
Limited Scope Financial System Reviews								
Budgetary Control		✓	✓	✓	✓			
Compliance Reviews								
Records Management	✓							
Governance of External Organisations	✓							
Corporate Fraud Reviews								
Discretionary Payments	Not started.							
Regularity Audits								
Education Control Self-Assessment		✓	✓	✓	✓			
Cost of Living Payments	✓							
Catering Stock Control	✓							
Corporate Purchase Cards – Quarterly Checks	Quarterly checks are underway.							
Corporate Governance								
Annual Governance Statement 2023/24								
Other Work								
National Fraud Initiative	24/25 Exercise is being progressed – see sections 3 of report for more information.							
Completion of 2023/24 Audit Plan	Reports finalised: Succession Planning; Building Standards; UK Shared Prosperity Fund							
Inverclyde IJB	20 days allocated to IJB audit plan.							

3 Corporate Fraud Activity

- 3.1 The undernoted table sets out progress to date on corporate fraud activity in the period 1 September to 31 October 2024:

National Fraud Initiative Exercise					
In relation to the 2024/2025 Exercise, data submissions were completed in line with timescales and matches relating to the relevant datasets will be received in early 2025.					
The Council Tax Single Person Discount recheck exercise was refreshed in November 2023 and the results to date are as follows:					
Matches received	Number investigated	No issues	Fraud	Error	Value of Fraud/Error
8932	1886	1825	36	25	£69,382
These matches relate to addresses where the householder is claiming a council tax single person discount on the basis that they live alone yet other data suggests that there is more than one person in the household aged 18 or over.					
Discretionary Payments					
Not yet started.					

- 3.2 The team continues to investigate whistleblowing and other enquiries in relation to DWP benefit, blue badge, and Council Tax discounts and exemptions. For the current financial year to date, these enquiries have resulted in the identification of overpayments of council tax discounts and exemptions totalling £102,801.
- 3.3 The team also progressed Whistleblowing and Corporate Fraud Referrals as follows:

File Ref	Description	Status
Whistleblowing Enquiries		
42425110	Shortfalls of cash held in client/petty cash accounts.	Final report issued and recommendations made to improve control environment – see section 5.
Corporate Fraud Referrals		
24/77	Allegation re householder claiming Council Tax Single Person Discount while living with partner.	Closed – SPD fraud established.
24/85	Allegation re property being occupied and lived in by named individual but declared as empty for Council Tax purposes.	Closed – unfounded.

4 Ad hoc activities undertaken since the previous Audit Committee

- 4.1 From time to time, management will request the assistance of Internal Audit in certain activities that are in addition to the annual Operational Plan. Examples of such activities include investigations of alleged irregularities, review of changes in system procedures etc.
- 4.2 Contingency has been made available in the Operational Plan for such ad hoc activities. Since the previous Audit Committee, ad hoc activity undertaken in the period is as follows:
- Providing relevant information in relation to FOI requests.
 - Investigations and other work as set out at sections 3.2 and 3.3 of Appendix 1.
 - Provision of ongoing advice and support to services.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
AT 31 OCTOBER 2024

Summary: Section 1 Summary of Management Actions due for completion by 31/10/2024

There were no actions due for completion by 31 October 2024.

There was one action with a completion date of 30 November 2024 which has been reported as completed by management.

Section 2 Summary of Current Management Actions Plans at 31/10/2024

At 31 October 2024 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/10/2024

At 31 October 2024 there were 8 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 October 2024 there were 3 audit action points where the original due date had been missed.

Section 5 Summary of Action Plan Points by Audit Year

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.10.2024**

SECTION

1

Directorate	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	No response received*
There were no actions due for completion by 31 October 2024				
Total				

* These actions are included in the Analysis of Missed Deadlines – Section 4

There was one action due for completion by 30 November which has been reported as completed by management:

Education Control Self-Assessment (Report Issued April 2024)	
Action	Comments
<p>Management of special leave (Amber) Management will ensure that:</p> <ul style="list-style-type: none"> • additional training on special leave is provided and will include training on specific categories of special leave to be entered into the SEEMIS system; and • reports will be developed for special leave granted for scrutiny by senior management. 	<p>Reporting has now been developed and issued to senior management.</p>

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
SUMMARY OF CURRENT MANAGEMENT ACTION PLANS AS AT 31.10.2024**

SECTION 2


CURRENT ACTIONS BY DIRECTORATE

HSCP	
Due for completion – December 2024	1
Total Actions	1
Environment and Regeneration	
Due for completion – December 2024	1
Due for completion – March 2025	1
Total Actions	2
Education Communities and Organisational Development	
Completion date to be advised	2
Total Actions	2
All Directorates	
Due for completion – December 2024	1
Due for completion – March 2025	2
Total Actions	3
Total current actions:	8



**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
CURRENT MANAGEMENT ACTIONS AS AT 31.10.2024**


SECTION 3

	Client Accounts – Quarterly Checks 2022/23 (Report Issued September 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
Inaccurate Transaction Records – Amber Management have agreed that a review will be undertaken of the overall management of the corporate appointee process with a view to streamlining and modernising the functions.		30-Apr-2024	31-Dec-2024 *	Head of Finance, Planning and Resources, HSCP

	Attendance Management (Report Issued December 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
Security, retention and disposal of attendance management files (Amber) All service-based electronic attendance management files will be reviewed and retained for one year and destroyed in accordance with the Council’s retention and disposal of Documents and Records (electronic/paper) policy.			3 months after implementation of Chris21 self-service module	ECMT
Any existing duplicate paper files in relation to attendance management are destroyed.			3 months after implementation of Chris21 self-service module	ECMT


Action Status			
	No response received		Missed original due date
	In Progress		Completed

* See Section 4


**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
CURRENT MANAGEMENT ACTIONS AS AT 31.10.2024**



SECTION 3

P	Procurement Manual Compliance – Regulated Procurement (Report Issued - March 2024)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Managing regulated procurement exercises (Amber) Management will review the procurement manual to more fully reflect the actual allocation of procurement tasks undertaken by Procurement staff and relevant Service officers including appropriate input from the Designated Procurement Officer (DPO) group.</p> <p>Management will introduce a formal programme of sample checks on regulated contracts following the issue of award letters.</p>		30-Nov-2024	31-Mar-2025	Corporate Procurement Manager

P	Education Control Self-Assessment 2023/24 (Report Issued – April 2024)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Management of special leave (Amber) Management will ensure that:</p> <ul style="list-style-type: none"> • additional training on special leave is provided and will include training on specific categories of special leave to be entered into the SEEMIS system; and • reports will be developed for special leave granted for scrutiny by senior management. 		30-Jun-2024	30-Nov-2024 *	School Business Co-ordinators




Action Status			
	No response received		Missed original due date
	In Progress		Completed


* See Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
CURRENT MANAGEMENT ACTIONS AS AT 31.10.2024**

SECTION 3

	Succession Planning (Report Issued – July 2024)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Staff training in relation to succession planning (Amber) Organisational Development Team will develop training on succession planning which will be completed by all relevant staff and introduced as part of the induction course for new managers.</p>		31-Mar-2025	31-Mar-2025	Head of OD, Policy and Communications
<p>Documentation of succession plans (Amber) Senior management will ensure that all services have a completed succession plan in place which includes analysis of key positions and goals and aspirations of the talent pool.</p>		31-Dec-2024	31-Dec-2024	Chief Executive, Corporate Director (Education, Communities and Organisational Development), Chief Officer HSCP, Director (Environment and Regeneration)
<p>Monitoring and reviewing of the effectiveness of succession planning (Amber) Senior management should ensure that all services review and update their succession plan for effectiveness on a regular basis.</p> <p>Once reviewed and updated for effectiveness, the succession plan should be reported to senior management and elected members on a regular basis.</p>		31-Mar-2025	31-Mar-2025	Chief Executive, Corporate Director (Education, Communities and Organisational Development), Chief Officer HSCP, Director (Environment and Regeneration), Head of OD Policy and Communications


Action Status			
	No response received		Missed original due date
	In Progress		Completed




* See Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
CURRENT MANAGEMENT ACTIONS AS AT 31.10.2024**

SECTION 3

	UK Shared Prosperity Fund (Report Issued – August 2024)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Organising Funding Agreements for UK SPF projects (Amber)</p> <p>Management will prepare a timetable for concluding all outstanding UK SPF funding agreements. This exercise will continue to include appropriate input from Council solicitors.</p>		31-Oct-2024	31-Dec-2024	<p>Head of Regeneration, Planning & Public Protection</p>

Action Status			
	No response received		Missed original due date
	In Progress		Completed

* See Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Client Accounts – Quarterly Checks 2022/23 (September 2023)	Inaccurate Transaction Records – (Amber) Management have agreed that a review will be undertaken of the overall management of the corporate appointee process with a view to streamlining and modernising the functions.	30.04.24	31.12.24	Management have started a review into the overall cash holding within the HSCP as part of the overall Business Support review. The aim would be to centralise the vast majority of all cash collection (with the exception of petty cash) in order to streamline the process. The review will also look for more use of online payments where possible.
UK Shared Prosperity Fund (August 2024)	Organising Funding Agreements for UK SPF projects (Amber) Management will prepare a timetable for concluding all outstanding UK SPF funding agreements. This exercise will continue to include appropriate input from Council solicitors.	31.10.24	31.12.24	Letters have already been issued to external organisations. Letters for internal services will be progressed and issued by the end of December.
Procurement Manual Compliance (March 2024)	Managing regulated procurement exercises (Amber) Management will review the procurement manual to more fully reflect the actual allocation of procurement tasks undertaken by Procurement staff and relevant Service officers including appropriate input from the Designated Procurement Officer (DPO) group. Management will introduce a formal programme of sample checks on regulated contracts following the issue of award letters.	30.11.24	31.03.25	

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (GREEN ONLY)
SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR**

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status at 31 October 2024.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2017/2018	53	50	0	0	3
2018/2019	45	45	0	0	0
2019/2020	43	43	0	0	0
2020/2021	37	35	0	0	2
2021/2022	23	22	0	0	1
2022/2023	49	46	0	0	3
2023/2024	35	19	0	8	8
2024/2025	0	0	0	0	0
Total	285	260	0	8	17

*This part of the table sets out the total number of current actions not yet due at the date of the follow up report. The RED and AMBER actions are included in Section 3 of the follow up report.

An update on the progress of GREEN actions was last provided to Audit Committee in October 2024.