

#### **A4. Internal Audit Plan 2021/22**

The Committee considered a report by the Internal Audit, Risk, and Corporate Fraud Manager (Acting) presenting a draft 2021/22 Internal Audit Plan for approval.

The plan for 2021/22 had been prepared and would be delivered within the context of the impact of the Covid-19 pandemic which would continue to be felt during the course of the year.

The plan allowed for 523 audit days. This was a reduction from the previous 555 audit days and reflected the reduced resources within Internal Audit following the departure from the Council of the Internal Audit Manager.

The plan comprised:-

- Annually recurring Assignments
- Committed Assignments (April - Sept 2021)
- Committed Assignments (October 2021 - March 2022)
- Other Client Work

For the period April - Sept 2021 the assignments would focus on risks arising from the Covid-19 pandemic. Assignments were set out for the period October 2021 - March 2022 although there was a recognition that there would need to be a degree of flexibility in order to be able to react to subsequent changes in the Council's risk profile.

The committee asked for further information on why the number of planned days contained in the plan (523) was less than the previous 555 days. The Acting Internal Audit Manager explained that this was due to the fact that the team was reduced following the departure of the former Internal Audit Manager. Transitional arrangements had been put in place ahead of an appointment. This was likely to be in the near future and so the reduction was in the first quarter of the year only. Overall the reduced number of planned days would not have a significant impact.

The committee then sought assurance that the Internal Audit team had been supported by management throughout the period in which the transitional arrangements had been in place given the reduced staffing levels and the increased workload arising from Covid related matters. The Chief Finance Officer explained that the team worked closely with Services to manage its programme and workload. It was recognised that it could not do all the work that was asked of it, but was able to work with Services to prioritise. Similarly there was close liaison with EY. He considered that once the post of Internal Manager was filled that there would be greater stability in the team.

Following a question Mr Smal confirmed that the internal audit function was a statutory obligation.

The committee then asked for information on the impact of the work for other clients and whether the Council charged for this work. Mr Smal



advised that the work for the 'Council family' such as the Health and Social Care Partnership and the Community Trust were not charged. However work for Strathcarron Hospice and Clackmannanshire Council were income generating and costs were covered. The latter two were examples, Mr Smail suggested, of the Council's entrepreneurial workstream.

The committee then asked whether it was likely that work on the impacts of Covid would be limited to the March - October period or whether it was anticipated that the work would be ongoing beyond then. The Acting Internal Audit Manager confirmed that the impacts of Covid would be felt for some time yet and that the plan initially focussed on 3 Covid related audits on Covid costs, business grants, and funds that the Council had responsibility for. The final review in this period would focus on fleet management and monitoring and would review the business needs assessments that had been carried out before new vehicles were taken on during the lockdown period. Other work planned for later in the year, for example the review of Legionella Management arrangements also had a Covid 'slant'.

Following a question on the break down of the planned audit days, the Acting Head of Internal Audit confirmed that the number of days assigned to annually recurring assignments (175) remained unchanged from previous years.

The committee then asked whether any review of the arrangements for the introduction of Housing First were planned. The Director of Corporate and Housing Services advised that this had been introduced in April 2020 and there was a commitment to report back on the first year to the Executive in August.

The committee noted that Council had agreed to bring the Falkirk Community Trust (FCT) back in-house from April 2022 and asked if the process would result in additional work for Internal Audit. The Acting Head of Internal Audit indicated that the number of days allocated in the plan for FCT had not increased. The time allocated would be utilised for any work arising from the process to bring the Trust back in-house. Internal Audit's role would be to provide an overview and assurance on the process.

The committee noted that upon completing reviews Internal Audit produce recommendations and responsible officers are then required to prepare an action plan in response. Members asked whether there would be negotiations with officers on points of disagreement in regard to the recommendations. Mrs Wright confirmed that the process was two way and Internal Audit would listen to the views of the auditee. Officers would be aware of the Audit Plan and Terms of Reference for an audit before it commenced and there was open communication and dialogue throughout with the auditee.

In response to a statement that it would be difficult to quantify in £ of a number of Council of The Future projects Mrs Wright concurred and reiterated that there would be conversations with officers ahead of any reviews and this would include discussion on the measurements of success



for the projects. It was intended that a number of projects would be sampled as part of this piece of work.

The committee then sought assurance around potential fraud relating to Covid related payments such as the Business Grants. The Acting Internal Audit Manager stated that Internal Audit had been involved in reviewing the processes in advance of the grants going live and had been involved since then. The Corporate Fraud team had undertaken reviews pre payment. Mrs Wright also attended regular meetings of the Covid Board and this had been invaluable in understanding issues as they came up. Officers from Corporate Fraud had also attended. Additionally at the end of the process Internal Audit had undertaken spot checks to ensure that procedures and the Scottish Government's guidance had been followed. Mr Smail confirmed that Internal Audit had been heavily involved in the process from designing the controls systems and carrying out audits post event. Additionally Corporate Fraud had been hardwired into the processing of applications and had acted as gatekeeper before any funds were released. It had been reassuring that a few instances of potential fraud had been identified and stopped at source. The Acting Director of Development Services added that comprehensive arrangements to prevent fraud had been put in place and welcomed the support from the Acting Internal Audit manager and her team. Mrs Wright added that the Covid Board had been an opportunity to bring all staff together, to discuss applications and showed the willingness of officers to best support businesses. She added that there had been a great deal of information sharing on other local authority processes and on other attempts at fraud.

## **Decision**

### **The Committee:-**

- (1) noted the resources available to Internal Audit and that the plan was flexible;**
- (2) approved the Internal Audit Plan for 2021/22; and**
- (3) noted that progress would be reported to the Audit Committee on an ongoing basis.**