

# CLYDEPLAN

**To: Glasgow and the Clyde Valley Strategic Development Planning Authority Joint Committee**

**On: 12 June 2023**

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**Report by: Chief Auditor**

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**Heading: Internal Audit Annual Report 2022/23**

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## **1. SUMMARY**

- 1.1 The Public Sector Internal Audit Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.
- 1.2 The annual report must also provide an annual audit opinion on the overall adequacy and effectiveness of the Glasgow and Clyde Valley Strategic Development Planning Authority's internal control environment.
- 1.3 The Annual Report for Glasgow and Clyde Valley Strategic Development Planning Authority is attached at Appendix 1 and outlines the role of Internal Audit, the performance of the Internal Audit Team, the main findings from the internal audit work undertaken in 2022/23 and contains an audit assurance statement.

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## **2. RECOMMENDATIONS**

- 2.1 Members are invited to consider and note the contents of the Internal Audit Annual Report.
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# **Glasgow and Clyde Valley Strategic Development Planning Authority**

## **Annual Report 2022-2023**

**Renfrewshire Council  
Internal Audit**

**June 2023**

**Glasgow and Clyde Valley Strategic Development Planning Authority**

**Internal Audit Annual Report 2022/2023**

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# **Glasgow and Clyde Valley Strategic Development Planning Authority**

## **Internal Audit Annual Report**

**1 April 2022 – 31 March 2023**

### **1. Introduction**

1.1 As host Authority, Renfrewshire Council provides an internal audit service to Glasgow and Clyde Valley Strategic Development Planning Authority. This includes:

- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Strategic Development Plan Manager;
- Delivery of the planned audit assignments;
- Follow up of previous audit recommendations;
- Provision of any ongoing advice and support on audit and risk management related matters;
- Provision of an Annual Report and Assurance Statement, and presentation to elected members at the Glasgow and Clyde Valley Strategic Development Planning Authority.

1.2 The Service operates in accordance with the Public Sector Internal Audit Standards which defines Internal Audit's role as:

".....an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

1.3 In line with the Standards, the purpose of this Annual Report is to report on:

- The outcome of any planned Internal Audit reviews in 2022/23 relating to the Glasgow and the Clyde Valley Strategic Development Planning Authority;
- The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
- Internal audit performance;
- Planned audit work for 2023/24;
- The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the Planning Authority's internal control environment.

## 2. Responsibilities of Management and Internal Audit

- 2.1 It is the responsibility of management to ensure that the areas under their control are adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.
- 2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.
- 2.3 The internal audit team will ensure that independence and objectivity are maintained in line with the PSIAS including where non-audit work is undertaken. Internal auditors will have no operational responsibilities. There have been no impairments impacting on the Chief Auditor's independence and the team has been adequately resourced during the year.

## 3. Internal Audit Activity during 2022/2023

- 3.1 The Annual Report for 2021/2022 was submitted to the Joint Board on 27 June 2022.
- 3.2 There were no outstanding audit recommendations which required to be followed up as part of the 2022/23 annual follow up exercise.
- 3.3 Internal Audit also conduct reviews of the main corporate systems operating within Renfrewshire Council which support the Committee's activity. The main findings in relation to these are summarised in Table 1 below and Renfrewshire Council management have agreed to implement the audit recommendations made in relation to each review:

**Table 1**

Audit Area	Conclusion
Creditors	<b>Reasonable Assurance</b> <ul style="list-style-type: none"><li>The controls in place over the five procurement systems tested were generally satisfactory. Recommendations were made in relation to documented procedures for one system and improvements were recommended in relation to segregation of duties for another system.</li></ul>

Procurement – Quick Quote processes	<p><b>Substantial Assurance</b></p> <ul style="list-style-type: none"> <li>Satisfactory arrangements are in place which ensure adherence to the quick quote process. The council's contracts standing orders were temporarily updated at the beginning of 2022 with one of the principal changes being the lower threshold for quick quotes increasing from £10,000 to £25,000. It was recommended that a full review of the contract standing orders, including consideration of the increased threshold, should be completed and presented for approval by the Council.</li> </ul>
Creditors – Purchase to Pay	<p><b>No Assurance</b></p> <ul style="list-style-type: none"> <li>The audit specifically reviewed the arrangements for compliance with the purchase to pay procedures, whereby manual payments should only be made in very specific circumstances. The review identified that current process in place for the passing and payment of manual invoices fall short in several areas and creates several risks, particularly in relation to possible breaches of the Council's Contract Standing Orders.</li> </ul>
Cyber Security	<p><b>Reasonable Assurance</b></p> <ul style="list-style-type: none"> <li>The internal control processes were generally satisfactory. The audit identified some scope for improvement in the existing arrangements mainly in relation to training for staff and updating the incident response plan to include more detail on decision-making arrangements.</li> </ul>

## 4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year to the Renfrewshire Council, Audit, Risk and Scrutiny Board, against a range of measures set annually by the Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 2 shows the actual performance against targeted performance for the year.

**Table 2**

Internal Audit Performance 2022/23		
Performance measure	Target 2022/23	Actual 2022/23
% of audit assignments completed by target date	95%	93%
% of audit assignments completed within time budget	95%	97%
% completion of audit plan for the year*	95%	98%

\* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

- 4.2 The percentage completion of the audit plan is slightly below the target set for the year. This was due, in the main, to a higher than anticipated level of unplanned absence. It should be noted that the planned internal audit activity within the planning authority is 100% complete. The actual performance for the year for the two other indicators, is above the target performance level.
- 4.3 The PSIAS require the Chief Auditor to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation.
- 4.4 We continued to participate in the Scottish Local Authorities Chief Internal Auditors' Group peer review process and our external assessment has recently been completed by the Chief Internal Auditor from South Ayrshire Council. The report concluded that the internal audit service fully conforms with the PSIAS. The report included 7 recommendations for improvement, 3 of which had already been identified through the internal self-assessment process. An action plan has been completed and the report has been submitted to the Council's Audit, Risk and Scrutiny Board.

### External Audit

- 4.5 External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.



## Risk Management

- 4.6 The internal audit service through the Risk Manager, provides advice and support to the GCVSDPA officers, as required.

### **5. Planned Work for 2023/24**

- 5.1 Following a risk based assessment of the activities of the Glasgow and Clyde Valley Strategic Development Planning Authority and consultation with the Strategic Development Plan Manager the following internal audit work has been agreed for 2023/24:

- Ad-hoc internal audit and risk management advice;
- Follow-up of previous audits.

### **6. Audit Assurance Statement**

- 6.1 Internal Audit has performed its work in accordance with the role defined in paragraph 1.2. The audit work performed has been reported to the Strategic Development Plan Manager, and to the Joint Committee in this annual report. Where areas for improvement in internal control have been identified, appropriate recommendations have been made and accepted for action by management.

- 6.2 In view of the continued challenges common to all public bodies, there will be a requirement for the council and the bodies for which it is host authority to exercise very close scrutiny over expenditure, and both areas will continue to receive due internal audit attention.

- 6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.

- 6.4 The audit plan is always intended to be flexible and contingency time was utilised to undertake additional work on areas of emerging risk. Additionally, the gross operational internal audit days were reduced by 14% in 2021/22 overall due to unplanned absence and no audit engagements were outsourced as was planned due to the pandemic. In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Glasgow and Clyde Valley Strategic Development Planning Authority's internal control, risk management and governance arrangements, as evidenced by:-

- The results of the audit work in 2022/23 in relation to the corporate systems which supported the Glasgow and Clyde Valley Strategic Development Planning Authority's activities.
- Management action in response to audit recommendations.

- Management self assessment of internal control, risk management and governance arrangements.
- The regular review and updating of the Local Code of Corporate Governance by the Council in accordance with the CIPFA/SOLACE framework for corporate governance requirements and of the corporate governance arrangements within the Glasgow and Clyde Valley Strategic Development Planning Authority.

Signed



Chief Auditor

Date

12 June 2023