

**GLASGOW AND THE CLYDE VALLEY STRATEGIC DEVELOPMENT PLANNING  
AUTHORITY JOINT COMMITTEE**

**To: Joint Committee**

**On: 10 June 2019**

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**Report by: Chief Auditor**

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**Heading: Internal Audit Annual Report 2018/19**

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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 2018/19 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 Annual Report.
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# **Glasgow and Clyde Valley Strategic Development Planning Authority**

## **Annual Report 2018-2019**

**Renfrewshire Council  
Finance & Resources  
Internal Audit**

**June 2019**



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

**Internal Audit Annual Report 2018/2019**

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

## **Internal Audit Annual Report**

**1 April 2018 – 31 March 2019**

### **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 2018/19 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 2019/20;
  - 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.

## 3. Internal Audit Activity during 2018/2019

- 3.1 The Annual Report for 2017/2018 was submitted to the Joint Board on 11 June 2018.
- 3.2 There were no outstanding audit recommendations which required to be followed up as part of the 2018/19 annual follow up exercise.
- 3.3 Internal Audit also carried out 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
Key Financial Controls	<ul style="list-style-type: none"><li><b>Reasonable Assurance</b></li></ul> <p>The audit identified that debtors and creditors invoices were raised correctly but were delayed in being issued/paid on some occasions. Recommendations were made in the report to address issues with feeders not being reconciled to the Business World ledger and suspense accounts not being cleared. If implemented, these will help strengthen the controls in place.</p>
Payroll	<ul style="list-style-type: none"><li><b>Reasonable Assurance</b></li></ul> <p>The audit identified that reasonable procedures are in place for employee new starts and terminations. Appropriate</p>



	segregation of duties and independent checks are in place. Some issues were identified in relation to service departments not notifying payroll services on time to effect correct payments to some employees, this issue is known to management.
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#### 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 2018/19		
Performance measure	Target 2018/19	Actual 2018/19
% of audit assignments completed by target date	95%	95.6%
% of audit assignments completed within time budget	95%	98.8%
% completion of audit plan for the year*	95%	96.4%

\* 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 Actual performance for the year, is above the target performance level. There were no specific audit engagements undertaken for GCVSDPA during 2018/19.
- 4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. All actions arising from the external quality assessment have been completed during 2018/19.
- 4.4 External Audit

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

#### 4.5 Risk Management

The internal audit service through the Risk Manager, provides advice and support to the GCVSDPA officers, as required. An annual risk management report is provided to the Council's Audit, Risk and Scrutiny Board.


### 5. Planned Work for 2019/20

- 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 audit plan provides for ad-hoc advice, reactive investigative work, follow-up of previous audits and risk management advice.

### 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 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 2018/19 in relation to the corporate systems which supported the Glasgow and Clyde Valley Strategic Development Planning Authority's activities.
  - Management action to respond 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 10 June 2019