

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 29 May 2019**

Subject: Internal Audit Update – Ayrshire Roads Alliance

1. Purpose

- 1.1 On 25 April 2019, the Governance and Scrutiny Committee of East Ayrshire Council considered the Internal Audit Annual Report 2018/19 and approved the Internal Audit Plan 2019/20. This update report reflects the ARA items included in those reports.

2. Recommendation

- 2.1 It is recommended that the Panel considers the content of this report.**

3. Background

- 3.1 The Internal Audit section of East Ayrshire Council provides an internal audit service to the Ayrshire Roads Alliance (ARA).
- 3.2 Detailed Internal Audit assignment reports are shared with the Director - Place and the Audit and Governance Panel of South Ayrshire Council as well as the Ayrshire Shared Services Joint Committee (ASSJC).

4. Proposals

4.1 *Internal Audit Annual Report 2018/19*

- 4.1.1 [Appendix 1](#) summarises the outcomes for items included in the East Ayrshire Council 2018/19 Internal Audit Plan. The report for Item 7A, 'Ayrshire Roads Alliance (ARA): Payment Controls' will be submitted to the Panel today, by the South Ayrshire Council Chief Internal Auditor, under separate cover.
- 4.1.2 The Public Sector Internal Audit Standards (PSIAS) require the Chief Auditor to establish a follow-up process to monitor and ensure management actions have been effectively implemented. In East Ayrshire Council follow-up exercises involve testing of evidence by Internal Audit to gauge implementation of recommendations. [Appendix 2](#) summarises the ARA outcomes for 2018/19. FUR18, 'Roads Use of Contractors' was previously shared with the Audit and Governance Panel.

4.2 **Internal Audit Plan 2019/20**

4.2.1 ARA items included in the risk based plan are listed at [Appendices 3 and 4](#). These items were discussed with the South Ayrshire Council Chief Internal Auditor during plan consultation. The allocated days for ARA are less than in previous years with significant Internal Audit support provided to ARA since its inception.

4.2.2 In line with good practice the plan can be changed in year to accommodate emerging priorities. Contingencies are also held to respond to emerging issues and for ad-hoc advisory work for all services including ARA.

5. **Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. **Financial Implications**

6.1 Not applicable.

7. **Human Resources Implications**

7.1 Not applicable

8. **Risk**

8.1 ***Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendation.

9. **Equalities**

9.1 The proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached at [Appendix 5](#).

10. **Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. **Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The proposals contained in this report link to the Council Plan objectives: ' We will ensure public services work together to deliver for our people and places, minimising duplication, maximising impact and support each other to deliver on priorities.' and linked to that, achieving objectives through 'Systematic review – Designing systems to eliminate duplication; streamline processes; harness technology; improve online service access; and maximise the potential of our assets and workforce'.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this paper.

Background Papers [Governance and Scrutiny Committee Agenda - 25 April 2019](#)

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Date: 20 May 2019

(EXTRACT FROM REPORT TO EAC GOVERNANCE AND SCRUTINY COMMITTEE 25 APRIL 2019)
INTERNAL AUDIT PLAN 2018/19: PERFORMANCE AGAINST THE PLAN
(7a/ 17 = COMPLETED/ BEING FINALISED; 29 = IN PROGRESS; 14/ 15 = DEFERRED/ DELETED)

Job	Assignments	Service Grouping	Client Service	Assurance Level	Current Status of Assignment
7a	Ayrshire Roads Alliance (ARA): Payment Controls	Safer Communities	Ayrshire Roads Alliance	Sound	Added to plan at mid-year. Report issued and available on Councillors' Noticeboard.
14	External Funding: Ayrshire Road: Alliance	Safer Communities	Ayrshire Roads Alliance	Deferred	Deferred at mid-year review; following consultation with service now included in Internal Audit Plan 2019/20 Reserve List.
15	Project Management arrangements: Ayrshire Roads Alliance	Safer Communities	Ayrshire Roads Alliance	Deleted	Deferred at mid-year review; now deleted following consultation with service for the Internal Audit Plan 2019/20.
17	Girvan Harbour: office administration including income control	Safer Communities	Ayrshire Roads Alliance	Limited	Report being finalised. It is important to reflect on proportionality in this case with income of £0.067m recorded for 2018/19. The Harbour Master, recently appointed, had made substantial progress in updating and upgrading harbour arrangements prior to the audit. Since the audit the service advises that further improvements have been made including moving to cashless.
29	Bridge Inspections: Ayrshire Roads Alliance	Safer Communities	Ayrshire Roads Alliance	South: Sound. East: In progress.	Added to plan at mid-year. East testing to be finalised in 2019/20.

**(EXTRACT FROM REPORT TO EAC GOVERNANCE AND SCRUTINY COMMITTEE 25 APRIL 2019)
INTERNAL AUDIT PLAN 2018/19 (FOLLOW-UP REVIEWS): PERFORMANCE AGAINST THE PLAN
TESTING OF IMPLEMENTATION OF PREVIOUS INTERNAL AUDIT RECOMMENDATIONS
(FUR 17/ FUR 18 = COMPLETED/ BEING FINALISED)**

Job	Follow-up Assignment	Service Grouping	Number of Recs Tested (Note 1)	Score (Note 2)	Current Status of Assignment
FUR 17	Performance Bonds: Roads	Safer Communities	2	100%	Report being finalised.
FUR 18	Roads Use of Contractors	Safer Communities	2	100%	Report issued and available on Councillors' Noticeboard.

Notes:

1. 'Number of Recs Tested'. The total number of recommendations tested by Internal Audit.
2. 'Score'. The % of recommendations tested which were found to be fully or sufficiently implemented as opposed to partially or not implemented.

**(EXTRACT FROM REPORT TO EAC GOVERNANCE AND SCRUTINY COMMITTEE 25 APRIL 2019)
INTERNAL AUDIT PLAN 2019/20**

Job Ref.	Assignments	Service Grouping	Client Service	Anticipated Type of Audit Work	Indicative Days
21	Ayrshire Roads Alliance: Road Bonds review of new processes <ul style="list-style-type: none"> • Follow-on from 2018/19 work 	Safer Communities	Ayrshire Roads Alliance	Follow-up	9
22	Ayrshire Roads Alliance: Bridge Inspections 2019 <ul style="list-style-type: none"> • update of 2018/19 review to reflect completion of major Principal Inspections Programme 	Safer Communities	Ayrshire Roads Alliance	Systems Review	4

(EXTRACT FROM REPORT TO EAC GOVERNANCE AND SCRUTINY COMMITTEE 25 APRIL 2019)
INTERNAL AUDIT PLAN 2019/20 – FOLLOW UP ASSIGNMENTS
(Testing the implementation of Internal Audit recommendations)

Job Ref.	Follow-up Assignment	Service Grouping	Indicative Days
FUR10	ARA Bridges	Safer Communities	5
FUR11	ARA Girvan Harbour (with Audit Glasgow)	Safer Communities	3.5

1. Policy details

Policy Title Internal Audit Update Report – Ayrshire Roads Alliance	Lead Officer Eilidh Mackay
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2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community, Groups of People or Themes	Negative Impacts	Positive impacts
The whole community of South Ayrshire	-	-
People from different racial groups, ethnic or national origin.	-	-
Women and/or men (boys and girls)	-	-
People with disabilities	-	-
People from particular age groups for example Older people, children and young people	-	-
Lesbian, gay, bisexual and heterosexual people	-	-
People who are proposing to undergo, are undergoing or have undergone a process to change sex	-	-
Pregnant women and new mothers	-	-
People who are married or in a civil partnership	-	-
People who share a particular religion or belief	-	-
Thematic Groups: Health, Human Rights, Rurality and Deprivation.	-	-

3. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes	Level of Negative and/or Positive Impact (high, medium or low)
Eliminate discrimination and harassment faced by particular communities or groups	Low impact
Promote equality of opportunity between particular communities or groups	Low impact
Foster good relations between particular communities or groups	Low impact
Promote positive attitudes towards different communities or groups	Low impact
Increase participation of particular communities or groups in public life	Low impact
Improve the health and wellbeing of particular communities or groups	Low impact
Promote the human rights of particular communities or groups	Low impact
Tackle deprivation faced by particular communities or groups	Low impact

4. Summary Assessment

Is a full Equalities Impact Assessment (EQIA) required? (A full EQIA must be carried out on all high and medium impact policies)	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
Rationale for decision: This report updates Members on progress against the ARA 2018/19 internal audit plan and advises them of the 2019/20 internal audit plan. Their consideration of this report has no specific equality implications.	
Signed Laura Miller Chief Internal Auditor	
Date: 30 April 2019	Copy to equalities@south-ayrshire.gov.uk