

Governance, Risk, and Best Value Committee

10.00am, Tuesday, 9 November 2021

Capacity to deliver the 2021/22 Internal Audit plan

Item number

Executive/routine

Executive

Wards

Council Commitments

1. Recommendations

- 1.1 It is recommended that Committee:
- 1.1.1 notes the challenges detailed in this paper that are currently impacting delivery of the 2021/22 Internal Audit (IA) annual plan and opinion;
 - 1.1.2 approves option 3 detailed in this paper to support completion of the minimum number of audits required to support the IA annual opinion; and,
 - 1.1.3 notes that further action is required to ensure that directorates have the capacity to support future delivery of audit assurance on a scale that is proportionate to the size of the Council in comparison to other Scottish Local Authorities.

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Capacity to deliver the 2021/22 Internal Audit plan

2. Executive Summary

- 2.1 The purpose of this paper is to highlight a significant challenge with delivery of the 2021/22 IA annual plan and opinion following requests from directorates to either defer audits for completion into the 2021/22 plan year, or delay a number of audits for completion until the last quarter of the year.
- 2.2 It is the Chief Internal Auditor's opinion that in order to deliver the annual opinion for 2021/22, to provide appropriate coverage of key risk areas and comply with the Public Sector Internal Audit Standards, a minimum of 32 audits require to be delivered across the Council and the Lothian Pension Fund (LPF).
- 2.3 A review of IA capacity from 1 November 2021 to 31 March 2022 has confirmed that this will not currently be sufficient to support delivery of these 32 audits as a number of ongoing audits are already significantly delayed, and IA capacity has also been impacted by the secondment of two team members into directorates to support actions to improve the management of open and overdue management actions.
- 2.4 Three potential options have been considered to support delivery of the minimum number of audits required to be able to deliver the annual opinion. These assess IA's capacity to deliver the plan with no backfill resources for seconded team members (option 1); co-source backfill for the two team members currently on secondment from mid-November 2021 to 31 March 2022 (option 2); and the actual backfill resourcing required to support delivery of the annual plan and opinion (option 3).
- 2.5 It is the Chief Internal Auditor's opinion that the only feasible solution to support delivery of the annual plan and annual opinion is option 3, as options 1 and 2 do not provide sufficient assurance outcomes to support delivery of the annual opinion.
- 2.6 Option 3 will require a total of five additional backfill resources, with two from mid-November to 31 March, and three from January to March 2022. This option should support delivery of the majority of the plan by 31 March 2022, with circa two audits completed in the first quarter of the new plan year prior to presenting the annual opinion to Committee in August 2022.

- 2.7 Option 3 would also involve deferring a total of 12 audits into the 2022/23 annual plan, and details of the audits proposed for deferral are included at Appendix 6.
- 2.8 Option 3 has not yet been fully costed but is estimated to be in the order of £350k.
- 2.9 If option 3 is agreed, effective delivery will also be heavily dependent on services ensuring that they can support the IA team with delivery of the audits within agreed timeframes.
- 2.10 Whilst it is acknowledged that the Council continues to operate in an ongoing operational resilience environment, challenges with delivery of the IA annual plan are not new, and action is required to ensure that the Council delivers an appropriate level of IA assurance coverage for its size, and that services have sufficient capacity to support both delivery of the annual plan and ongoing resolution of agreed management actions to address findings raised by both IA and other assurance providers.
- 2.11 It is acknowledged that the Council is in the process of implementing a new governance and assurance model that should support future delivery of ongoing IA assurance.

3. Background

Public Sector Internal Audit Standards Annual Plan Requirements

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require Internal Audit to deliver an annual plan of work that is scoped using a risk-based assessment of Council activities. Additional reviews are added to the plan where considered necessary, to address any emerging risks and issues identified during the year.

2021/22 IA Annual Plan

- 3.2 On 23 March 2021, the Committee approved the 2021/22 IA annual plan that would deliver a total of 46 audits (36 across the Council and 10 for ALEOs), and also included time for ongoing IA follow-up assurance.
- 3.3 Changes made to the annual plan since approval (including a reduction in the number of audits to be delivered for Lothian Pension Fund (LPF), and carrying forward audits from the 2020/21 annual plan) increased the total number of audits to be delivered to 53, with 12 to be delivered for ALEOs (including four for LPF) and 41 across the Council.
- 3.4 Consequently, the 2021/22 IA annual opinion would be based on a total of 45 audits, with 41 across the Council and four for LPF.
- 3.5 Of the 53 audits to be completed, 13 will be delivered by the IA co-source provider (12) and NHS Lothian (1), with the remaining 40 audits delivered by the Council's IA team.
- 3.6 A full reconciliation of the movements in the IA annual plan is included at Appendix 1.

Previous IA Annual Opinions

- 3.7 The 2020/21 IA annual opinion for the Council was a limited opinion based on the outcomes of 32 audits (30 across the Council and two for LPF). This represented completion of 80% of the IA annual plan.
- 3.8 Similarly, the Council's 2019/20 IA annual opinion was a limited opinion based on the outcomes of 34 completed audits (31 across the Council and three for LPF). This represented completion of 72% of the IA annual plan.
- 3.9 In 2018/19 the annual opinion was based on a total of 37 audits (34 across the Council and 3 for LPF).

Scottish Local Authority Benchmarking Exercises

- 3.10 In September 2021, IA completed a benchmarking exercise that compared audit coverage across the 23 Scottish Local Authorities who published their IA annual plans for 2020/21 and 2021/22. This assessed the number of audit days included in IA annual plans in comparison to the size of the organisation for both years, using the following measures of scale:
 - 3.10.1 gross income;
 - 3.10.2 gross expenditure;
 - 3.10.3 council tax and non-domestic rates income; and,
 - 3.10.4 net assets
- 3.11 A similar exercise was also completed in September 2019 to benchmark IA coverage across local authorities in 2018/19. This assessed audit coverage in comparison to gross income, and confirmed that of the 28 authorities included in the benchmarking exercise, the City of Edinburgh Council was towards the lower end of the table, as only five authorities had a lower ratio of audit days in comparison to gross income.

2021/22 IA Annual Plan Delivery

- 3.12 In October 2021 IA was scheduled to commence seven audits. Following initial engagement with management, requests were received to either remove the audits from the plan, or delay completion until quarter four of the annual plan year.
- 3.13 As a number of audits were already scheduled for completion in quarter four, and delays have been experienced with audits currently in progress, this presented a significant risk to plan delivery.
- 3.14 Directorates were then provided with details of the remaining audits to be completed, and asked to confirm whether these could be supported by services to ensure delivery of the IA annual opinion.
- 3.15 Detailed responses have been received from all Directorates with the Health and Social Care Partnership still due to fully respond.

4. Main report

Minimum Requirements for a Limited IA Annual Opinion

- 4.1 It is the Chief Internal Auditor's view that in order to deliver the annual opinion for 2021/22, a minimum of 32 audits should be completed comprising 28 across the Council, and four for LPF to ensure that coverage remains broadly aligned with prior years.

Benchmarking Outcomes

- 4.2 The 2018/19 benchmarking exercise highlighted that audit coverage per £m of gross revenue for the City of Edinburgh Council was 23rd of the 28 Scottish local authorities reviewed.
- 4.3 The outcomes for Edinburgh in the 2020/21 and 2021/22 comparisons with the 23 authorities assessed are detailed below, and vary slightly depending on the relevant measures of organisational scale considered:
- 4.3.1 22 or 23 for 2020/21;
- 4.3.2 20; 21; or 23 for 2021/22.
- 4.4 This outcomes are aligned with the outcomes of the 2018/19 benchmarking exercise.
- 4.5 The City of Edinburgh Council would require to increase audit coverage across directorates to somewhere between 2 - 2.5 days per £1m of Council revenue to ensure alignment of audit coverage with the local authorities noted below:
- 4.5.1 Glasgow (circa £1,300m revenue) - 2.11 days and ranked 19th in 2018/19; 2.7 days and 15th in 2020/21; 3.2 days and 12th in 2021/22;
- 4.5.2 North Lanarkshire (circa £536m revenue) – 1.78 days and ranked 22nd in 2018/19; 2.4 days and 17th in 2020/21; 2.4 days and 18th in 2021/22;
- 4.5.3 Dundee (£408m income) - 2.42 days and ranked 15th in 2018/19; 2.1 days and 20th in 2020/21; 2.2 days and 19th in 2021/22.
- 4.5.4 Renfrewshire (circa £307m revenue) - 3.36 days and ranked 5th in 2018/19; 2.9 days and 13th in 2020/21; 2.8 days and 14th in 2021/22.
- 4.6 Further detail on the outcomes of the benchmarking exercises are included at Appendices 2 – 4.
- 4.7 Based on the Council's gross annual income of circa £960m, audit coverage of 2.2 days per £1m income would align Edinburgh with current levels of audit coverage in Dundee (circa 19th or 20th in Scottish Local Authority audit coverage benchmark outcomes). This equates to circa 2,100 audit days, which is the equivalent of circa 64 audits.
- 4.8 Based on IA's current service provision model, 6 of these 64 audits would be provided across Arms' Length External Organisations, with a balance of circa 58 delivered across both the Council and LPF to support the IA annual opinion.

- 4.9 It is important to note that no comparison of quality of audit can be made in this regard. It is also important to note that what each Chief Internal Auditor considers is required to deliver their annual opinion will differ from authority to authority.

Current IA Capacity

- 4.10 The IA team currently has capacity to support delivery of circa 1,700 audit days (the equivalent of circa 46 audits plus ongoing follow-up activity), and the option to use co-source resources to increase coverage of specialist areas within currently approved budgets.

Directorate and Service Capacity to Support IA Plan Delivery

- 4.11 Regardless of IA capacity, it is currently evident that directorates do not currently have sufficient capacity to support both delivery of the IA annual plan and effective ongoing implementation of agreed management actions to address the risks associated with IA findings raised.
- 4.12 This is supported by the number of audits completed to support the IA annual opinion in previous years:
- 4.12.1 2017/18 – 32 audits;
 - 4.12.2 2018/19 – 37 audits;
 - 4.12.3 2019/20 – 34 audits; and,
 - 4.12.4 2020/21 – 32 audits.
- 4.13 Since 2016/17, no IA annual plan has been fully completed, with delivery of the audits noted above usually continuing into the first quarter of the next annual plan year, and a number of audits carried forward into subsequent years.
- 4.14 It is acknowledged that in 2019/20 and 2020/21 delayed delivery of the annual plan was mainly attributable to the impacts of Covid-19, and that the Council currently continues to deliver services in an operational resilience environment.
- 4.15 It is also recognised that aspects of delayed delivery of the IA annual plan is attributable to the ongoing effectiveness of the IA team. For example, re-procurement of the IA co-source contract resulted in delayed commencement of the specialist audits included in the 2021/22 IA annual plan.
- 4.16 Ongoing delivery progress of the IA team is closely monitored, and the effectiveness of this process will likely be considered by the Institute of Internal Auditors as part of their quinquennial IA external quality assessment to be completed by 31 March 2022 in line with PSIAS requirements.

Ongoing Challenges Impacting the Council's Ability to Support IA Annual Plan Delivery

- 4.17 Capacity to support delivery of audits included in the annual plan and effective implementation of agreed management actions is not included in relevant service delivery plans. Instead, support for audit activity has to be provided in addition to ongoing service delivery responsibilities. This is further exacerbated by the ongoing

resilience environment and the impacts on services which may worsen over the Winter months.

- 4.18 Consequently, directorates have had limited capacity to meet with the IA team during the course of the audit, and to source and provide evidence in sufficient time to support completion of IA testing.
- 4.19 This typically results in challenges on the scope and depth of audits to be completed (light touch reviews are often requested); delayed receipt of evidence to support IA testing; and evidence often being presented once draft IA reports have been prepared, resulting in significant rework for IA and senior management, and delayed completion of final IA reports.
- 4.20 IA is also consistently requested to delay delivery of audits until the last quarter of the plan year which results in a significant volume of IA reports being presented to the Committee for scrutiny either before or with the IA annual opinion, and significant pressure on the IA team in the last quarter of the year.

Current Challenges Associated with Delivery of the 2021/22 IA Annual Plan

- 4.21 Requests have been received for the delayed completion of seven audits into quarter four of the current plan year.
- 4.22 Completion of a number of audits in progress has also been significantly delayed as a result of services being unable to provide evidence and management responses within agreed timeframes, although the impacts of Covid are also recognised here.
- 4.23 IA has seconded two team members into directorates to support their ongoing follow-up activity with effect from mid-October, with co-source resources to backfill these roles available from mid-November.
- 4.24 Delivery of audits across quarters three and four are usually significantly impacted by the timing of annual leave (within services and the IA team) across Christmas and new year.
- 4.25 IA will also be required to support their external quality assessment to be completed by the Institute of Internal Auditors in quarter four. Time to support this activity is included in the 2021/22 annual plan and service delivery plan.
- 4.26 A significant proportion of Chief Internal Auditor time in quarter four is also focused on developing the IA annual plan for the next financial year. This process involves extensive engagement across the Council and with external assurance providers.
- 4.27 Other ongoing IA activities in quarter four include procurement of a new IA system and completion of other non-delivery related activities such as essential learning (this will also be reviewed as part of our external quality assessment) and other essential activities to ensure ongoing compliance with IA methodology and PSIAS requirements.

Current Capacity to Delivery the 2021/22 IA Annual Plan

- 4.28 Directorates have requested that two audits are removed from the 2021/22 IA annual plan and carried forward into the 2022/23 plan, subject to approval by the Committee.
- 4.29 Additionally, the Department for Transport has confirmed that the annual review of Port Facility Security Arrangements is not required in 2021/22, and two ALEOs have confirmed that they do not require audits to be completed in the current plan year.
- 4.30 Consequently, a total of 5 audits can potentially be removed from the IA annual plan (further detail is included at Appendix 6), and a further 6 audits are either complete, or nearing completion.
- 4.31 Assuming that these 5 audits are removed from the plan, a total of 42 audits remain to be completed by 31 March 2022, with 34 of these to be delivered across the Council; 4 for LPF; and 4 for other ALEOs. Of these, 38 audits (34 for the Council and 4 for LPF) would form the basis of the 2021/22 IA annual opinion.
- 4.32 Of the 42 audits to be completed, 12 will be delivered by our external co-source provider or NHS Lothian, leaving a balance of 30 audits to be completed by the IA team.

Options to Support Delivery of the IA Annual Plan

- 4.33 IA currently does not currently have sufficient capacity to support delayed delivery of the 2021/22 IA annual plan, as highlighted by the options detailed below. Further detail is also included at Appendix 5.

Option 1 - IA Capacity with No Co-Source Backfill for IA Secondees

- 4.34 Allowing for circa 200 days to support the Council with ongoing follow-up activity, delivery of these audits by the IA team would require a total of 1,092 audit days between 1 November 2021 and 31 March 2022. The IA team currently has capacity (assuming no co-source backfill) to deliver 521 audit days by 31 March 2022, leaving a shortfall of 571 days required to deliver the full annual plan.
- 4.35 This shortfall is the equivalent of 3.74 FTE team members and 23 audits that would not be delivered, leaving a balance of 15 completed audits (11 for the Council and 4 for LPF) to support the annual opinion.
- 4.36 If this approach is adopted, it is IA's view that it would not be possible to deliver an annual opinion due to insufficient assurance coverage, as the minimum number of audits currently considered by the Chief Internal Auditor as being required to provide an opinion is 32.

Option 2 - IA Capacity with Two Co-Source Backfill Resources for IA Secondees

- 4.37 Our co-source provider has confirmed that two secondees can be made available from mid-November through to the end of March 2022 to provide backfill resources for the two IA team members seconded to directorates.

- 4.38 This reduces the shortfall to 410 days which is the equivalent of 2.69 FTE and 16 audits that would not be delivered, leaving a balance of 22 completed audits (18 for the Council and 4 for LPF) to support the annual opinion.
- 4.39 If this approach is adopted, it is IA's view that again it would not be possible to deliver an annual opinion due to insufficient assurance coverage.

Option 3 - IA Capacity with Five Co-Source Backfill Resources for IA Seconddees

- 4.40 Use of five co-source backfill resources (two from mid-November to 31 March 2022, and three from the beginning of December to the end of March 2022) would further reduce the shortfall to 184 days, which is the equivalent of 1.24 FTE and 8 audits that would not be delivered by 31 March 2022, leaving a balance of 30 audits (26 for the Council and 4 for LPF) to support the annual opinion.
- 4.41 This approach would support delivery of the IA annual opinion on the basis that a further two 2021/22 audits could be completed in the first quarter of 2022/23 to support presentation of the annual opinion to the Committee in August 2022 based on 28 audits completed across the Council and 4 for LPF, and is the preferred option.
- 4.42 If this approach is adopted, a total of 6 audits in addition to those proposed for removal by directorates can be carried forward into the 2022/23 plan. Details of these audits are included at Appendix 6.

5. Next Steps

- 5.1 IA will continue to focus on annual plan delivery throughout quarters three and four, with support from our co-source provider.
- 5.2 Delivery of the annual plan and opinion will be heavily dependent on directorates and services ensuing that they have sufficient capacity to support delivery within timeframes agreed and detailed in IA terms of reference.

6. Financial impact

- 6.1 PwC is currently costing the options, but Option 3 is expected to be around £350k. This budget pressure would need to be corporately funded because the Corporate Services Directorate cannot underwrite this from existing budgets as well as addressing other pressures and ensuring a balanced outturn. This will therefore need to be approved by Finance and Resources Committee.

7. Stakeholder/Community Impact

- 7.1 Provision of full and effective assurance across the Council's most significant risks following completion of the 2021/22 IA plan and implementation of associated

management actions should have an indirect positive impact on services delivered to citizens, stakeholders, and communities.

- 7.2 Inability to delivery an annual opinion with result in a breach of Public Sector Internal Audit Standards and will also impact production of the Council's annual financial statements.

8. Background reading/external references

- 8.1 [Internal Audit 2021-22 Annual Plan](#)

9. Appendices

- 9.1 Appendix 1 - 2021/22 Annual Plan Reconciliation
- 9.2 Appendix 2 - Appendix 2 – 2018/19 Benchmarking Outcomes
- 9.3 Appendix 3 – 2020/21 Benchmarking Outcomes
- 9.4 Appendix 4 – 2021/22 Benchmarking Outcomes
- 9.5 Appendix 5 – Summary of Options to Deliver the 2021/22 IA Annual Plan and Opinion
- 9.6 Appendix 6 – Audits Proposed for Removal from the 2021/22 Annual Plan

Appendix 1 - 2021/22 Annual Plan Reconciliation

	Council	ALEO's	Total
Total Audits per 2021/22 Annual Plan	36	10	46
Less:			
Ongoing follow-up activity (covered by quarterly GRBV reporting)	(1)	-	(1)
Audits Combined (Historic Whistleblowing and Child Protection Recommendations)	(1)	-	(1)
Reduction in 2021/22 Lothian Pension Fund Audits	-	(1)	(1)
Add			
2020/21 audits brought forward	7	3	10
Total Audits to be Delivered in 2021/22	41	12	53
Audits to Be Delivered by PwC / NHS Lothian (for EIJB)	9	4	13
Adits to be Delivered by the Council	32	8	40

Appendix 2 – 2018/19 Benchmarking Outcomes

Ref	Council / local Authority	Audit Days Per Annual Plans	Council Revenue for 2017-18	Audit days per £m of revenue
	<u>Aberdeenshire</u>	NA	554	Not published
	<u>Aberdeen</u>	NA	438	Not published
	<u>Orkney</u>	NA	82	Not published
	<u>Shetland</u>	NA	21	Not published
1	<u>Na-h Eileanan Siar</u>	577	106	5.44
2	Midlothian	1005	192	5.23
3	Inverclyde	960	189	5.08
4	West Dunbartonshire	900	212	4.25
5	Renfrewshire	1258	374	3.36
6	<u>East Ayrshire</u>	820	244	3.36
7	East Dunbartonshire	805	241	3.34
8	<u>Argyll & Bute</u>	750	236	3.18
9	<u>South Ayrshire</u>	585	186	3.15
10	Angus	757	248	3.05
11	East Lothian	855	295	2.90
12	Clackmannanshire	341	126	2.71
13	<u>Scottish Borders</u>	653	254	2.57
14	<u>Moray</u>	483	197	2.45
15	Dundee	800	331	2.42
16	East Renfrewshire	741	336	2.21
17	<u>Stirling</u>	419	195	2.15
18	<u>Dumfries and Galloway</u>	655	310	2.11
19	Glasgow	2805	1328	2.11
20	Fife	1612	816	1.98
21	<u>North Ayrshire</u>	610	336	1.82
22	North Lanarkshire	1350	757	1.78
23	Edinburgh	1490	950	1.57
24	Falkirk	555	360	1.54
25	West Lothian	505	386	1.31
26	<u>Highland</u>	641	557	1.15
27	<u>South Lanarkshire</u>	335	673	0.50
28	<u>Perth & Kinross</u>	205	434	0.47
Per Audited Financial Statements (In £ Millions)				

Appendix 3 – 2020/21 Benchmarking Outcomes

Based on 2019/20 financials and 2020/21 annual plans

Audit days vs service expenditure	
Row Labels	Average of Audit days per £1m expenditure 2020/21
1 Na-h Eileanan Siar	3.3
2 West Dunbartonshire	2.5
3 Inverclyde	2.2
4 Argyll & Bute	2.1
5 East Renfrewshire	2.0
6 Midlothian	2.0
7 Scottish Borders	1.8
8 Shetland Islands	1.6
9 Angus	1.6
10 Clackmannanshire	1.6
11 East Ayrshire	1.5
12 Glasgow City	1.2
13 South Ayrshire	1.2
14 Renfrewshire	1.2
15 North Ayrshire	1.1
16 Dumfries and Galloway	1.0
17 North Lanarkshire	1.0
18 Falkirk	0.9
19 Dundee City	0.9
20 Highland	0.6
21 West Lothian	0.6
22 South Lanarkshire	0.5
23 City of Edinburgh	0.5
24 Aberdeenshire	-
25 Orkney Islands	-
26 Moray	-
27 Stirling	-
28 Perth & Kinross	-
29 East Dunbartonshire	-
30 Aberdeen City	-
31 Fife	-
32 East Lothian	-
Average	1.0

Audit days vs service income	
Row Labels	Average of Audit days per £1m income 2020/21
1 Na-h Eileanan Siar	9.5
2 East Renfrewshire	6.1
3 Inverclyde	5.7
4 Argyll & Bute	5.7
5 Scottish Borders	5.4
6 West Dunbartonshire	4.9
7 Midlothian	4.2
8 Angus	4.1
9 Clackmannanshire	3.9
10 East Ayrshire	3.8
11 Shetland Islands	3.3
12 Dumfries and Galloway	3.2
13 Renfrewshire	2.9
14 South Ayrshire	2.8
15 Glasgow City	2.7
16 North Ayrshire	2.5
17 North Lanarkshire	2.4
18 Highland	2.3
19 Falkirk	2.3
20 Dundee City	2.1
21 West Lothian	1.7
22 South Lanarkshire	1.2
23 City of Edinburgh	1.1
24 Aberdeen City	-
25 East Lothian	-
26 Stirling	-
27 Aberdeenshire	-
28 Orkney Islands	-
29 East Dunbartonshire	-
30 Perth & Kinross	-
31 Moray	-
32 Fife	-
Average	2.6

Audit days vs citizen contribution (CT & NDR)	
Row Labels	Average of Audit days per £1m citizen contribution 2020/21
1 Na-h Eileanan Siar	28.6
2 Inverclyde	14.2
3 East Ayrshire	12.2
4 East Renfrewshire	10.3
5 Shetland Islands	9.9
6 Argyll & Bute	9.8
7 West Dunbartonshire	9.6
8 Midlothian	9.3
9 Angus	8.8
10 Clackmannanshire	8.5
11 Scottish Borders	8.1
12 North Ayrshire	7.1
13 South Ayrshire	5.8
14 North Lanarkshire	5.6
15 Dundee City	5.4
16 Renfrewshire	4.9
17 Dumfries and Galloway	4.6
18 Falkirk	4.0
19 Glasgow City	3.1
20 West Lothian	2.7
21 Highland	1.8
22 City of Edinburgh	1.6
23 South Lanarkshire	1.3
24 East Dunbartonshire	-
25 Orkney Islands	-
26 Moray	-
27 Perth & Kinross	-
28 Stirling	-
29 Aberdeen City	-
30 Fife	-
31 East Lothian	-
32 Aberdeenshire	-
Average	5.5

Audit days vs net assets	
Row Labels	Average of Audit days per £1m net assets 2020/21
1 Scottish Borders	6.0
2 Inverclyde	4.5
3 West Dunbartonshire	4.0
4 Dumfries and Galloway	3.4
5 East Ayrshire	3.3
6 Na-h Eileanan Siar	3.2
7 Argyll & Bute	2.7
8 Glasgow City	2.2
9 Clackmannanshire	2.1
10 South Ayrshire	1.7
11 Midlothian	1.5
12 East Renfrewshire	1.5
13 North Ayrshire	1.4
14 Angus	1.3
15 Falkirk	1.1
16 Dundee City	0.9
17 North Lanarkshire	0.8
18 Renfrewshire	0.8
19 Shetland Islands	0.6
20 West Lothian	0.6
21 South Lanarkshire	0.3
22 City of Edinburgh	0.3
23 Highland	0.3
24 Aberdeen City	-
25 East Lothian	-
26 Perth & Kinross	-
27 Aberdeenshire	-
28 Stirling	-
29 East Dunbartonshire	-
30 Orkney Islands	-
31 Moray	-
32 Fife	-
Average	1.4

Appendix 4 – 2021/22 Benchmarking Outcomes

Based on 2019/20 financials and 2021/22 annual plans

Audit days vs service expenditure	
Row Labels	Average of Audit days per £1m expenditure 2021/22
1 Na-h Eileanan Siar	3.3
2 West Dunbartonshire	2.4
3 Inverclyde	2.2
4 Midlothian	2.0
5 Argyll & Bute	2.0
6 East Renfrewshire	1.8
7 Scottish Borders	1.7
8 Angus	1.6
9 East Ayrshire	1.5
10 Glasgow City	1.4
11 Clackmannanshire	1.4
12 Moray	1.4
13 Shetland Islands	1.2
14 Renfrewshire	1.2
15 South Ayrshire	1.1
16 North Ayrshire	1.0
17 North Lanarkshire	1.0
18 Dundee City	0.9
19 Falkirk	0.8
20 City of Edinburgh	0.8
21 South Lanarkshire	0.8
22 Highland	0.8
23 West Lothian	0.6
24 Fife	-
25 Stirling	-
26 Perth & Kinross	-
27 East Dunbartonshire	-
28 East Lothian	-
29 Aberdeen City	-
30 Aberdeenshire	-
31 Orkney Islands	-
32 Dumfries and Galloway	-
Average	1.0

Audit days vs service income	
Row Labels	Average of Audit days per £1m income 2021/22
1 Na-h Eileanan Siar	9.5
2 Inverclyde	5.5
3 East Renfrewshire	5.5
4 Scottish Borders	5.4
5 Argyll & Bute	5.2
6 West Dunbartonshire	4.8
7 Midlothian	4.3
8 Angus	4.2
9 East Ayrshire	3.6
10 Clackmannanshire	3.5
11 Moray	3.5
12 Glasgow City	3.2
13 Highland	2.9
14 Renfrewshire	2.8
15 South Ayrshire	2.7
16 Shetland Islands	2.6
17 North Ayrshire	2.4
18 North Lanarkshire	2.4
19 Dundee City	2.2
20 Falkirk	2.2
21 South Lanarkshire	1.9
22 West Lothian	1.8
23 City of Edinburgh	1.7
24 East Lothian	-
25 Aberdeenshire	-
26 Fife	-
27 Dumfries and Galloway	-
28 Stirling	-
29 East Dunbartonshire	-
30 Perth & Kinross	-
31 Aberdeen City	-
32 Orkney Islands	-
Average	2.6

Audit days vs citizen contribution (CT & NDR)	
Row Labels	Average of Audit days per £1m citizen contribution 2021/22
1 Na-h Eileanan Siar	28.6
2 Inverclyde	13.8
3 East Ayrshire	11.5
4 Midlothian	9.4
5 West Dunbartonshire	9.4
6 East Renfrewshire	9.3
7 Angus	9.0
8 Argyll & Bute	8.9
9 Scottish Borders	7.9
10 Clackmannanshire	7.7
11 Shetland Islands	7.6
12 North Ayrshire	6.9
13 Dundee City	5.7
14 North Lanarkshire	5.6
15 Moray	5.6
16 South Ayrshire	5.4
17 Renfrewshire	4.7
18 Falkirk	3.8
19 Glasgow City	3.7
20 West Lothian	2.8
21 City of Edinburgh	2.5
22 Highland	2.2
23 South Lanarkshire	2.0
24 Aberdeen City	-
25 Stirling	-
26 Perth & Kinross	-
27 Fife	-
28 East Lothian	-
29 East Dunbartonshire	-
30 Aberdeenshire	-
31 Orkney Islands	-
32 Dumfries and Galloway	-
Average	5.4

Audit days vs net assets	
Row Labels	Average of Audit days per £1m net assets 2021/22
1 Scottish Borders	5.9
2 Inverclyde	4.4
3 West Dunbartonshire	3.9
4 Na-h Eileanan Siar	3.2
5 East Ayrshire	3.1
6 Glasgow City	2.5
7 Argyll & Bute	2.4
8 Clackmannanshire	1.9
9 South Ayrshire	1.6
10 Midlothian	1.5
11 North Ayrshire	1.3
12 East Renfrewshire	1.3
13 Angus	1.3
14 Falkirk	1.1
15 Moray	1.0
16 Dundee City	0.9
17 North Lanarkshire	0.8
18 Renfrewshire	0.8
19 West Lothian	0.6
20 South Lanarkshire	0.5
21 City of Edinburgh	0.5
22 Shetland Islands	0.5
23 Highland	0.4
24 Aberdeen City	-
25 East Dunbartonshire	-
26 Perth & Kinross	-
27 East Lothian	-
28 Stirling	-
29 Aberdeenshire	-
30 Orkney Islands	-
31 Dumfries and Galloway	-
32 Fife	-
Average	1.3

Appendix 5 – Summary of Options to Deliver the 2021/22 IA Annual Plan and Opinion

1. Option 1 – remove 5 audits from the annual plan with no backfill to support IA secondments
2. Option 2 - remove 5 audits from the annual plan with 2 co-source backfill resources provided from mid November to 31 March 2022.
3. Option 3 – remove 12 audits from the annual plan and carry them forward into 2022/23, with 5 co-source backfill resources provided (2 from mid November to 31 March 22, and 3 from 10 January to 31 March 2022)

Options to Deliver the 2021/22 IA Annual Opinion	Option 1	Option 2	Option 3
Balance of Days Required	1,092	1,092	1,092
IA team capacity	521	682	908
Shortfall	571	410	184
FTE Shortfall	3.74	2.69	1.24
No of audits that cannot be completed	23 audits	16 audits	8 audits
Annual Opinion Impact - 32 audits required	15 Audits (11 Council and 4 LPF) No opinion can be provided	22 audits (18 Council and 4 LPF) No opinion can be provided	30 plus 2 delivered in Q4 (28 Council and 4 LPF) Opinion can be provided

Appendix 6 – Audits Proposed for Removal from the 2021/22 IA Annual Plan

Audits proposed for removal from IA annual plan	Directorate	ALEO	IA Comments
1. Management of Waiting Lists and Assessments	Health and Social Care Partnership	N/A	This is currently a high risk area and has already been deferred from 2020/21 into 2021/22 and will now be deferred into 2022/23 at the request of the Partnership
2. Council Housing Allocation Process	Place	N/A	Deferral requested by the Place Directorate
3. Port Facility Security Plan	Place	N/A	Department for Transport has confirmed that no IA review is required in the current year.
4. Lothian Valuation Joint Board	N/A	LVJB	LVJB has confirmed that no further audit work is required in the current year
5. Royal Edinburgh Military Tattoo	N/A	REMT	REMT has confirmed that no further audit work is required in the current year
6. Adaptation and Renewal Programme Governance	Council Wide	N/A	Deferral into 2022/23 recommended by IA as the programme will continue throughout the next plan year
7. Empowered Learning Programme	Corporate Services / Education and Children's Services	N/A	Deferral into 2022/23 recommended by IA as programme will continue throughout the next plan year
8. Active Travel	Place	N/A	Deferral into 2022/23 recommended by IA as programme will continue throughout the next plan year
9. Design of the New Repairs and Maintenance Framework (Operational Properties)	Place	N/A	Deferral into 2022/23 recommended by IA as this will enable review of both design and effectiveness of the new framework.
10. Council Emissions Plan	Corporate Services	N/A	Deferral into 2022/23 recommended by IA as programme will continue throughout the next plan year
11. Transition Arrangements from Day Care to Adult Social Care	Health and Social Care Partnership and Education and Children's Services	N/A	Deferral into 2022/23 recommended by IA reflecting significant ongoing service delivery pressures across both directorates
12. Partnership Financial Sustainability	Health and Social Care Partnership	N/A	Deferral into 2022/23 recommended by IA reflecting significant ongoing service delivery pressures across the Partnership.

