



Internal Audit Plan 2024/2025

Date of meeting 23 February 2024

Date of report 1 February 2024

Report by Chief Executive

1. Object of report

To seek committee approval for the Internal Audit plan 2024/2025.

2. Background to report

Public Sector Internal Audit Standards (PSIAS)

The Internal Audit plan for 2024/2025 has been prepared in accordance with the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit plan for 2024/2025 has been developed using the assurance framework and a risk-based methodology following consultation with the Strategy Group on the Partnership's objectives and priorities, and in accordance with the Internal Audit Charter.

3. Outline of proposals

Internal Audit plan 2024/2025

The Internal Audit plan for 2024/2025 provides the direction of travel and a framework for audit engagements in the forthcoming year. The plan is aligned to the Partnership's strategic objectives, the (local) code of corporate governance and assurance framework, whilst having scope to be responsive to change (see Appendix 1).

The risk-based plan and the scope of each engagement have been informed by:

- assurance framework;
- risk registers;
- Strategy Group consultation;
- external factors (i.e. government initiatives, intelligence, and networking).

Plan objectives

The main objective of the Internal Audit plan is to provide an agile assurance service that assesses the effectiveness and efficiency of the Partnership's systems for internal control. The plan will also include provision for consulting activities and fraud-related work.

Assurance engagements are an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes and to ensure operations are being conducted in accordance with external regulations, legislation, internal policies and procedures (e.g. financial, performance, compliance, system security engagements).

Assurance levels are based upon findings and conclusions at an individual engagement level; which when collated on an annual basis, support SPT's view on systems for internal control.

Note: The assurance framework is mapped and updated on a regular basis.

Consulting activities are advisory in nature and relate to specific requests from senior management. They are intended to add value and improve governance, risk management and control processes without the internal auditor assuming management responsibility.

Fraud prevention initiatives: Managing the risk of fraud and corruption is the responsibility of management. Audit and Assurance assist management in the effective discharge of this responsibility. The Counter Fraud Strategy (including Anti-Fraud and Corruption Policy, Whistleblowing Policy and Financial Regulations relating to financial irregularity) outlines the Partnership's commitment to prevent, detect, investigate and report fraud. The annual Internal Audit plan includes provision for fraud-related work to support this strategy.

Data Analytics Strategy 2024/2025

Data analysis is the process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Audit and Assurance will continue to develop skills and knowledge in the use of data analytics to support delivery of the Internal Audit plan 2024/2025 as set out in the Data Analytics Strategy 2024/2025 (see Appendix 2).

4. Committee action

The Committee is asked to consider and approve the Internal Audit plan for 2024/2025.

5. Consequences

Policy consequences	<i>In accordance with the Public Sector Internal Audit Standards 2017.</i>
Legal consequences	<i>In accordance with the Local Authority Accounts (Scotland) Regulations 2014.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Climate Change, Adaptation &
Carbon consequences

*The implementation of agreed recommendations from
assurance engagements mitigates risk.*

Name Lesley Aird

Title **Director of Finance &
Corporate Support**

Name Valerie Davidson

Title **Chief Executive**

For further information, please contact *Iain McNicol, Audit and Assurance manager* on 0141 333 3195.



APPENDIX 1

Audit & Standards committee – 23 February 2024

Internal Audit plan 2024/2025

	<u>Days allocated</u>	<u>Sub-total days</u>	<u>Total plan days</u>
<u>Assurance engagements</u>			
Core Financial System – Debtors administration	15		
Data Analytics – bus station facilities	10		
Data Analytics – Subway station offices	15		
Digital Controls – cloud-based product access and controls	10		
Contract Audit of Advertising income	10		
Regularity Audit of climate change initiatives	10		
Regularity Audit of CCTV policy	10		
Regularity Audit of bus stations income	15		
Regularity Audit of Health & Safety reporting	15		
Regularity Audit of long-term financial planning arrangements	15		
Contingency allocation	70		
Follow-up reviews	15	210 (60%)	
<u>Consulting activities</u>			
Audit Scotland reports	5		
Assurance framework	10		
Business continuity arrangements	10		
Business improvement initiatives	70		
Local code of corporate governance	10	105 (30%)	
<u>Fraud prevention and investigation</u>			
Fraud awareness and prevention initiatives including NFI	20	20 (5%)	
PSIAS compliance	15	15 (5%)	
Summary			350 (100%)



APPENDIX 2
Audit & Standards committee – 23 February 2024
Internal Audit plan 2024/2025

Data Analytics Strategy 2024/2025

(to support the Internal Audit plan 2024/2025)

Definition

Data analysis is the process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, and is used in different business and science domains. In today's business world, data analysis plays a role in making decisions more scientific and helping businesses operate more effectively.

Background

With the ever-increasing volume of digital data received, processed and produced across all service delivery areas in SPT, it is good practice to outline the use and analysis of data by Audit and Assurance.

Over recent years, Audit and Assurance has, where possible, progressed from the traditional approach to Internal Audit sampling and testing to developing alternative testing methodology to utilise the growing and complex populace of data in line with the General Data Protection Regulation (GDPR).

Data analytics is a critical tool to add to the auditors' toolkit to assist in the delivery of the Internal Audit plan.

This strategy outlines how Audit and Assurance aims to practice the use of data analytics to address the challenge posed by the increase in digital data.

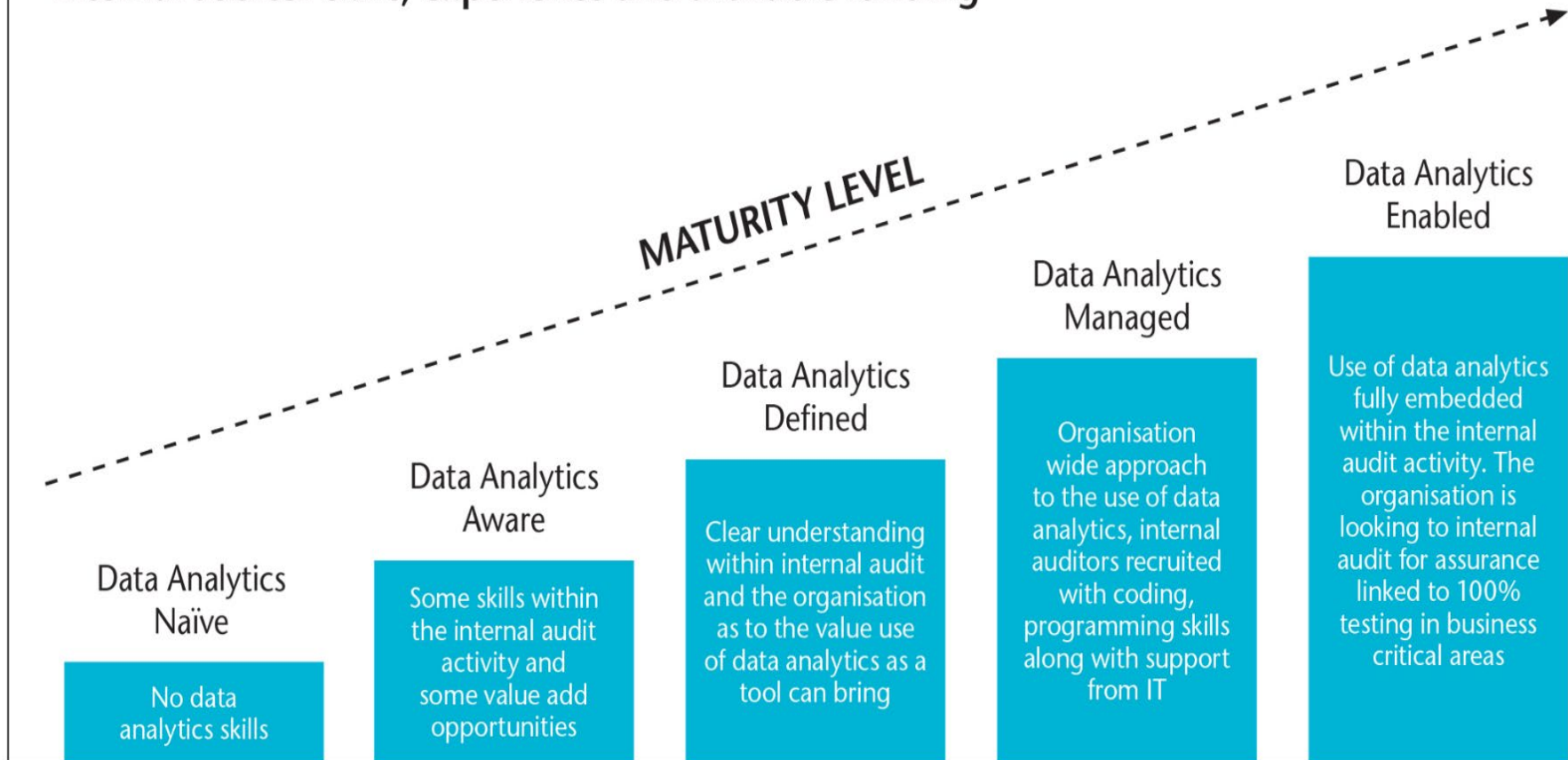
This strategy supports conformance with the Public Sector Internal Audit Standard (1220.A2): *'in exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.'*

Data Analytics Maturity Model

The Data Analytics Maturity Model shown on the next page illustrates the five levels of maturity. Audit and Assurance has, through the use of data analytics techniques over recent years, progressed to the *Data Analytics Aware* phase and will work with management to achieve the *Data Analytics Defined* phase.

Data Analytics Maturity Model

The data analytics maturity journey linked to business requirements, assurance, internal auditor skills, experience and available funding



Objectives

The following table outlines the objectives to deliver this strategy in support of the Internal Audit plan 2024/2025.

Objective	Lead officer(s)	Timescale
To develop data analytics skills, knowledge and use of alternative testing methodology.	Audit and Assurance Manager	31 March 2025
To optimise the use of data analytics to increase audit coverage and/or 100% sampling.	Audit and Assurance Manager	31 March 2025
To utilise data analytics to enhance data matching capabilities to assist management in line with the Partnership's commitment to raise awareness, prevent, detect, investigate and report fraud.	Audit and Assurance Manager	31 March 2025
To embed data analytics as part of standard process and structure of Audit and Assurance work.	Audit and Assurance Manager	31 March 2025
To support management to identify and mitigate risk through the use of data analytics.	Audit and Assurance Manager	31 March 2025
To assist management to clarify understanding and value of the use data analytics as a tool can bring.	Audit and Assurance Manager	31 March 2025

Conclusion

Data analysis is the process of inspecting, cleansing, transforming, and modelling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Audit and Assurance will continue to develop skills and knowledge in the use of data analytics to support delivery of the Internal Audit plan 2024/2025.