

**PERTH AND KINROSS COUNCIL****Audit Committee****4 February 2015****INTERNAL AUDIT UPDATE****Report by the Chief Internal Auditor****PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work against the 2014/15 annual plan.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor reports periodically to the Audit Committee on internal audit activity and on performance relative to the approved plan.
- 1.2 Work has continued on assignments included within the Internal Audit Plan for 2014/15. In addition, Internal Audit has provided support and guidance to Services for uploading information to the national database for the National Fraud Initiative to enable the data matching exercise to be undertaken.
- 1.3 Internal Audit has also audited a grant certification and is supporting Education & Children's Services with a whistle-blowing incident.
- 1.4 The Chief Internal Auditor has completed a review of the fraud and corruption arrangements within the Council and has prepared new policies for approval by the Executive Officer Team and subsequently the Strategic Policy and Resources Committee. In addition, work is significantly progressed for the Internal Audit Plan for 2015/16, which will be presented at the next meeting of the Audit Committee
- 1.5 The procurement exercise to complete the additional assignments as approved by the Audit Committee in November 2014 [Report 14/515 refers] has been undertaken and these assignments will commence shortly.
- 1.6 Appendix A details those assignments where work has been completed since the last report to Audit Committee. Where appropriate, Internal Audit Reports for these assignments will be presented to the Audit Committee.
- 1.7 Appendix B shows a summary of each audit previously approved as part of the 2014/15 plan, along with the stage of progress of each assignment. Based on the work plans for each individual auditor, the indicative date for the Audit Committee to consider the report is recorded. The achievement of these scheduled dates is dependent upon the level of unplanned investigation work and engagement with Services.

- 1.8 Appendix C details areas of work which are in addition to the approved Internal Audit Plan for 2014/15 arising from either Service requests for assistance or from investigatory work.

## 2. CONCLUSION AND RECOMMENDATIONS

- 2.1 This report presents a summary of Internal Audit's work against the 2014/15 annual plan. It is currently anticipated that the 2014/15 Internal Audit Plan will be completed within the year.
- 2.2 It is recommended that the Committee notes progress of work against the plan for 2014/15.

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Strategic Plan	Yes
<b>Resource Implications</b>	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
<b>Consultation</b>	
Internal	Yes
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### 1.1 Corporate Plan

- 1.1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

## 2. Assessments

### 2.1 Equality Impact Assessment

- 2.1.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

2.2 Risk

- 2.2.1 The risks are associated with the level of assurance provided on the control environment in the event that Internal Audit's planned work is not completed on time.

**3. Consultation**

3.1 Internal

- 3.1.1 The Chief Executive and Head of Finance have been consulted in the preparation of this report.

**2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

**3. APPENDICES**

Appendix A – Audit Activity Completed Since The Last Report To Audit Committee

Appendix B – Progress With Assignments Approved In The Internal Audit Plan for 2014/15

Appendix C – Progress With Assignments Not Included In The Internal Audit Plan for 2014/15

# INTERNAL AUDIT UPDATE

## Audit Activity Completed Since The Last Report To Audit Committee

Audit No.	Audit Title	Service
14-11	Management of Contracts	Housing & Community Care
14-12	Quality of Residential Care	Housing & Community Care
14-13	Management of the Relationship with Live Active Leisure	Education & Children's Services
14-15	IT Change Management	Education & Children's Services
14-26	Bus Service Operators Grant*	The Environment Service

\* No report required for this assignment



## Appendix B

### Progress With Assignments Approved In The Internal Audit Plan for 2014/15 as at May 2014

<b>Audit No.</b>	<b>Audit Title</b>	<b>Original Anticipated Audit Committee</b>	<b>Assignment brief approved</b>	<b>Factual accuracy confirmed</b>	<b>Draft Report issued</b>	<b>Final Report issued</b>	<b>Audit Committee Date ^</b>
14-01	Business Continuity Follow Up	Jun 2014	12 March 2014	13 May 2014	13 May 2014	14 May 2014	June 2014
14-02	Flood Mitigation	Sep 2014	25 April 2014	28 July 2014	1 August 2014	19 August 2014	September 2014
14-03	School Attendance Management	Sep 2014	1 May 2014	13 August 2014	18 August 2014	19 August 2014	September 2014
14-04	Adult Support & Protection	Sep 2014	7 May 2014	24 July 2014	31 July 2014	20 August 2014	September 2014
14-05	Housing Standard Delivery Plan	Sep 2014	5 May 2014	29 July 2014	1 August 2014	19 August 2014	September 2014
14-06	Petty Cash	Jun 2014	7 May 2014	16 May 2014	16 May 2014	20 May 2014	June 2014
14-07	Data Protection	Feb 2015	31 July 2014	21 October 2014	21 October 2014	31 October 2014	November 2014
14-08	Employee Expenses	Sep 2014	5 June 2014	15 October 2014	21 October 2014	3 November 2014	November 2014
14-09	Financial Management of Secondary Schools: (a) Blairgowrie High School (b) Perth Grammar School	Nov 2014	15 May 2014	1 September 2014 15 October 2014	1 September 2014 15 October 2014	21 October 2014 21 October 2014	November 2014 November 2014

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14-10	Rent Arrears	Sep 2014	1 August 2014	27 August 2014	29 August 2014	3 November 2014	<b>November 2014</b>
14-11	Management of Contracts	Nov 2014	29 September 2014	5 November 2014	6 January 2015	9 January 2015	<b>February 2015</b>
14-12	Quality of Residential Care	Feb 2015	7 August 2014	17 December 2014	18 December 2014	5 January 2015	<b>February 2015</b>
14-13	Management of Relationship with Live Active Leisure	Feb 2015	20 November 2014	18 December 2014	23 December 2014	8 January 2015	<b>February 2015</b>
14-14	General Ledger	Apr 2015					April 2015
14-15	IT Change Management	Feb 2015	28 November 2014	22 December 2014	7 January 2015	12 January 2015	<b>February 2015</b>
14-16	Housing Repairs	Apr 2015					April 2015
14-17	Online Payments in Schools	Apr 2015	24 November 2014				April 2015
14-18	Housing Benefits	Apr 2015					April 2015
14-19	Regulatory Services	Apr 2015					April 2015
14-20	Capital Projects	Apr 2015	21 October 2014				April 2015
14-21	Integrated Adult Health & Social Care	To be determined					April 2015
14-22	Property System: Interim Report a	Jun 2015	12 May 2014	22 July 2014	1 August 2014	21 August 2014	<b>September 2014</b>

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14-24	Cycling Walking Safer Streets Grant Claim	Not applicable	26 May 2014	30 June 2014	Not applicable	Not applicable	<b>Not applicable</b>
14-25	Bus Service Operators Grant (6 monthly)	Not applicable	5 August 2014	20 August 2014	Not applicable	Not applicable	<b>Not applicable</b>
14-26	Bus Service Operators Grant (6 monthly)	Not applicable	29 October 2014	15 December 2014	Not applicable	Not applicable	<b>Not applicable</b>
14-36	Discretionary Housing Payment	June 2014					June 2014
14-37	Implementation of Children & Young People Scotland Act	June 2014					June 2014

<sup>^</sup> Dates in bold are when reports have been considered by Audit Committee. Other dates are the current anticipated dates for consideration by Audit Committee where this differs from the originally anticipated date.

It is not anticipated that reports will be required to be issued for the certification of grant claims. Reports will only be issued where weaknesses in controls are identified which require action.



## Appendix C

### Progress With Assignments Not Included In The Internal Audit Plan for 2014/15

Ass No.	Assignment Description	State of progress	Draft Report issued	Final Report issued	Audit Committee Date
14-23	Public Conveniences	Completed	25 July 2014	20 August 2014	September 2014
14-27	Blairgowrie Area Office	Completed	Not Applicable	Not applicable	Not applicable
14-28	Consultancy – Following the Public Pound follow up	Completed	Not applicable	Not applicable	Not applicable
14-29	Review of safes	Ongoing			
14-30	Safeguarding Cash on School Excursions	Completed	2 July 2014	19 August 2014	September 2014
14-31	SCOTS audit	Completed	Not applicable	Not applicable	Not applicable
14-32	Cash Office	Completed	Not applicable	Not applicable	Not applicable
14-33	Continued whistle-blower engagement (TES)	Completed	Not applicable	Not applicable	Not applicable
14-34	ECS whistle-blowing	Ongoing			
14-35	Housing & Community Care Petty Cash	Ongoing			

When additional work is undertaken during the year, a report will only be issued where the review highlights areas for improvement in the control environment or significant risks.

