

Audit & Risk Committee

30 October 2023

INTERNAL AUDIT PLAN 2023/24

Report by Chief Internal Auditor
(Report No 23/295)

1. PURPOSE

- 1.1 This report presents the strategy for the delivery of Internal Audit and the proposed approach for the direction of planned Internal Audit work for 2023/24.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee approves the strategy and plan for 2023/24.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background & Approach
- Section 5: Internal Audit Resources
- Section 6: Planned Internal Audit Activity

4. BACKGROUND & APPROACH

- 4.1 Internal Audit, as defined in the Public Sector Internal Audit Standards (PSIAS), is an independent, objective assurance and consulting activity designed to add value and improve the effectiveness of the Council's operations. It helps the Council to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.
- 4.2 The PSIAS require the Chief Internal Auditor to prepare a risk based Internal Audit Plan (the Plan) setting out the team's work programme for up to 12 months. The Plan should take account of the Council's objectives, risk and performance management arrangements. This Plan covers the remainder of the financial year 2023/24.
- 4.3 The strategy for Internal Audit is to deliver a risk based Internal Audit service by designing planned activity around the key risks to the Council achieving its objectives. Internal Audit also aims to add value to the organisation by ensuring that there is appropriate and enabling risk management, governance and controls in place.

- 4.4 In order to ensure compliance with the PSIAS requirement of undertaking an annual risk assessment, a review of the arrangements which have been put in place for the identification and assessment of risks has been undertaken. A report by the Head of Legal and Governance was considered by the Audit & Risk Committee in June ([Report 23/202](#) and [Appendix](#) refer) detailing the approach taken in this regard and the corporate risks identified.
- 4.5 In addition, evidence provided to support the Annual Governance Statement has been examined. Information in relation to external inspections by regulators and other bodies has also been taken into account, where available, along with the outcomes from previous Internal Audit reviews.
- 4.6 As in previous years, the Internal Audit Plan proposes a thematic approach to elements of Council activity and risks assessed. The detailed scope of each assignment will be agreed prior to the commencement of each thematic review.
- 4.7 Cumulative audit knowledge and experience has been drawn upon, from our knowledge of the organisation, awareness of significant changes in systems processes and personnel, previous Internal Audit involvement in areas of activity and from our analysis of the risks faced by individual functions in delivering their objectives. This has resulted in the identification of some specific areas for Internal Audit activity in 2022/23.
- 4.8 Reports arising from Internal Audit activity will be presented to Audit Committee except where the assignments are consultative in nature. A summary of the work undertaken will be provided as part of the routine Update reports, as agreed in June 2016 ([Report 16/306](#) refers). The outcomes from these assignments will be taken into consideration in arriving at future Internal Audit Plans.

5. INTERNAL AUDIT RESOURCES

- 5.1 Resources available for Internal Audit activity is subject to recruitment activity. It is anticipated that this will result in 3.6 full time equivalent posts available within the year. These resources will be available to undertake the Perth & Kinross Council and Integration Joint Board Internal Audit Plans; ad-hoc advice and consultancy; investigations into fraud and corruption; facilitate the National Fraud Initiative and oversee the whistleblowing arrangements.
- 5.2 An allocation of resources is made annually for tasks relating to counter-fraud and corruption activity, including the oversight and facilitation of the National Fraud Initiative.
- 5.3 An important part of the Internal Audit process is the verifying of the implementation of agreed actions arising from Internal Audit reports. An allocation of resources is made to support this process and to ensure that Elected Members are informed of the status of actions arising from previous audit reports.

- 5.4 The Internal Audit service for the Integration Joint Board is provided jointly by officers from Perth & Kinross Council and NHS, with the role of Chief Internal Auditor being held by Perth & Kinross Council. Resources are set aside for the provision of this Service.
- 5.5 Furthermore, resources are released to ensure that appropriate professional development is undertaken within the team, which includes a professional Internal Audit trainee.
- 5.6 The leaves approximately 60% of audit time to be dedicated to planned internal audit activity.

6. PLANNED INTERNAL AUDIT ACTIVITY

- 6.1 The Strategic Risk Register was presented for consideration at the last meeting of the Audit & Risk Committee. Internal Audit has had a close overview of the arrangements for its development and are therefore able to place reliance on its content. The key themes identified for inclusion within the Internal Audit Plan for 2023/24 are taken from the Strategic Risk Register, in consultation with the Chief Executive.

Theme	Strategic Risk	Lead Service(s)	Brief Description
Mosaic	01	Corporate / HSCP / ECS	To ensure that appropriate arrangements are in place for the successful implementation of the system
Local Employability Partnership	03	Communities	To ensure the Council's involvement with the Local Employability Partnership is consistent with our objectives
Child Poverty	04	Communities	To ensure progress is being made with the Child Poverty Strategy
Business Continuity Planning	07	Communities / All Services	To ensure the Council has adequate and effective business continuity planning
Fuel		Communities	To ensure that arrangements are in place for the safe storage and utilisation of Council fuel supplies.

- 6.2 There will be an ongoing review of the emerging risks faced by the Council to ensure that these themes cover the areas of highest risk in achieving the Council's objectives. This will include an overview of activity in connection with the Council's transformation and change programme.

- 6.3 In order to support the Internal Audit function deliver this plan, a protocol has been drafted outlining communication between Services and Heads of Service / Strategic Leads. This will assist in ensuring that the whole internal audit process runs smoothly and timeously. This protocol will be revisited to ensure that it remains fit for purpose with the revised leadership structure as it takes shape.

Authors

Name	Designation	Contact Details
Jackie Clark	Chief Internal Auditor	InternalAudit@pkc.gov.uk