

Audit & Risk Committee

26 June 2023

INTERNAL AUDIT UPDATE

Report by Chief Internal Auditor
(Report No 23/198)

1. PURPOSE

- 1.1 This report presents a summary of Internal Audit's work undertaken as part of the Internal Audit Plans for 2021/22 and 2022/23.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee notes progress with Internal Audit activity.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Progress Update
- Appendix

4. BACKGROUND

- 4.1 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.
- 4.2 Work has continued on assignments from Perth & Kinross Council's Internal Audit Plans. In addition, work has continued to be undertaken in connection with the Internal Audit provision for the Integration Joint Board.
- 4.3 Work has continued to support the 2022/23 National Fraud Initiative exercise, with supporting Services to identify main contacts to undertake the investigation and to provide training where relevant. Services have commenced reviewing and investigating their matches. Outcomes from this will be reported later in the year once all matched have been reviewed and investigations into all datasets have been completed.

5. PROGRESS UPDATE

- 5.1 Appendix 1 shows the status of audits arising from the Internal Audit Plans, together with those assignments which will continue into 2023/24.

- 5.2 Reports for some assignments are in draft form with engagement with Services being undertaken around the factual accuracy and agreeing actions. The outcomes from these assignments have been considered for arriving at the annual report, which is to be considered at this Committee.
- 5.3 The Internal Audit plan for 2022/23 included an assignment on Payroll, with the indicative scope being to review the processes for starters, leavers and changes to the payroll. This had initially been discussed with our external auditors, Audit Scotland. Upon commencement of the assignment, further consultation with Audit Scotland and with the Service revealed that there would be overlap in coverage. In order to reduce this duplication of audit effort, it was agreed with Audit Scotland that the Internal Audit would be cancelled to allow them to continue their work.
- 5.4 As a result of Service consultation, an assignment which has yet to be included within an Audit Plan has been commenced. This is in response to a Service request arising from an external inspection. Therefore assignment 23/01, Food Health & Safety has commenced and will be included within the Internal Audit Plan for 2023/24.
- 5.5 Internal Audit is currently involved with a further area of unplanned investigatory work. If any control issues arise as a result of this, a report will be presented to the Audit & Risk Committee.

6. OUTCOME FROM CONSULTANCY WORK

- 6.1 The indicative scope for assignment C22-04 Mosaic was to have an overview of the arrangements in place for the implementation of the new system, which is to replace SWIFT as the primary social work record. It is proposed that this oversight, combined with a critical friend approach, be continued throughout the implementation process.
- 6.2 The indicative scope for C22-07 Transformation Reviews provided a resource for the Council for Internal Audit to undertake a critical friend role and to provide support for the transformation and change programme. A project which could drive significant financial benefits for the Council is the Procurement & Strategic Commissioning workstream. Internal Audit undertook a gap analysis based on the procurement capability assessment required for demonstrating how the Council performs in relation to the externally assessed Procurement & Commercial Improvement Programme. Information was provided to the Procurement team and the Strategic Lead for the project which will assist them in progressing this workstream and assist in providing focus to the work plan of the Procurement team going forward.

7. ADDITIONAL WORK

- 7.1 An additional assignment has commenced, relating to Food Hygiene. This is in response to a Service request arising from an external inspection. Therefore assignment 23/01, Food Health & Safety has commenced and will be included within the Internal Audit Plan for 2023/24.

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APPENDICES

- Appendix 1 Internal Audit Activity