



Internal Audit Report
The Environment Service
16-16 Transformation
March 2017

Final Report

Finance Division
Corporate and Democratic Services
Perth & Kinross Council
Council Offices
2 High Street
Perth
PH1 5PH

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2016/17, which was approved by the Audit Committee on 30 March 2016. Audit testing was carried out in February and March 2017.

The transformation programme was approved by council on 1 July 2015 (report 15/292 refers) as part of the “Building Ambition: The Council’s Transformation Strategy 2015-2020 and Organisational Development Framework”.

Scope and Limitations

The audit has included interviews with key officers in the Corporate Transformation team and has included reviewing evidence of progress of a sample of individual projects.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A ‘control objective’ is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that there are adequate processes for the oversight of the transformation programme.

Audit Comments:

Subsequent to the approval of the Transformation Strategy, reports have been presented to Elected Members through the Strategic Policy and Resources Committee and Council.

There have been changes to the corporate oversight of transformation projects during the year. A streamlined monthly reporting process is now in place with regard to the provision of information for the Executive Officer Team and Elected Members.
--

The Corporate team demonstrated an understanding of the projects tested and were able to provide evidence of progress against the achievement of approved / projected savings and approved / projected spending.
--

The Service has identified areas where improvements have been made regarding the identification and reporting of progress, where slippage has occurred or

Internal Audit Report

additional expenditure may be required in order to deliver the anticipated savings.	
Strength of Internal Controls:	Moderately strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the Team Leader, Strategic Planning, Improvement and Risk during this audit.

Feedback

Internal Audit welcomes feedback, in connection with this audit or with the Internal Audit service in general.

Distribution

This final report has been distributed to:

B Malone, Chief Executive

J Valentine, Depute Chief Executive Sustainability, Strategic and Entrepreneurial Development

K McNamara, Head of Community Planning, Strategic Commissioning and Organisational Development

J Symon, Head of Finance

G. Taylor, Head of Democratic Services

L Simpson, Head of Legal and Governance Services

S Flannigan, Employee Innovation and Engagement Manager

C Jolly, Team Leader

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment was J Clark.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 29 March 2017

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Proportionality	Low

Appendix 2: Action Plan

Action Point 1 - Proportionality

The Corporate Transformation team have an awareness of the overall progress of individual projects and work with Services to ensure that Verto is updated monthly. The reporting and oversight of each project is the same regardless of the size of the project. As such, projects with a saving of £16,000 are treated in the same way as projects which are anticipated to deliver £600,000 in savings.

There is scope to review the oversight role to ensure proportionality.

Management Action Plan

The Service is working towards implementing a 'highlight' reporting tool within Verto and it is anticipated that this will assist in directing scrutiny towards those projects which are most significant in terms of political sensitivity, funding allocated and anticipated savings.

Importance:	Low
Responsible Officer:	C Jolly, Team Leader, Strategic Planning, Improvement and Risk
Lead Service:	The Environment Service
Date for Completion (Month / Year):	June 2017
Required Evidence of Completion:	'Highlight' report template

Auditor's Comments

Satisfactory