

PURPOSE OF REPORT

This report presents a summary of Internal Audit's work against the 2017/18 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 Plans for 2017/18, as approved by Audit Committee in April 2017 (report 17/150) and September (report 17/312).
- 1.3 Since April 2017, Internal Audit has been contacted on 16 occasions to provide advice, assurance and / or assistance to services regarding specific issues. Internal Audit will follow up on these areas during the year, where necessary. This unplanned workload is contained within the resources allocated as part of the Internal Audit Planning process. The Audit Committee will be informed if there is any change to this situation.
- 1.4 Internal Audit works in collaboration with Highland Council to deliver audits where a higher level of IT audit skills are required than are held within the team. A report arising from this work is included on the agenda for this meeting.
- 1.5 Internal Audit has continued to work with colleagues in NHS Tayside to support the Audit and Performance Committee of the Integrated Joint Board.
- 1.6 In addition, Internal Audit has continued to facilitate the National Fraud Initiative to ensure that Services are investigating relevant data matches appropriately. This exercise is now complete and a separate report is included on the agenda for this meeting.
- 1.7 Appendix A details those assignments where work has been completed since the last report to the Audit Committee. Where appropriate, Internal Audit Reports for these assignments will be presented to the Audit Committee.
- 1.8 Appendix B shows a summary of each audit previously approved as part of the 2017/18 plan, along with the date that the outcome has been considered by Audit Committee.

2. OUTCOMES FROM CONSULTANCY WORK

- 2.1 Within Appendix A, there are a number of assignments which were identified as 'consultancy' within the Internal Audit Plan (reports 17/150 and 17/312 refer). Following approval from the Audit Committee of a revised reporting process for consultancy assignments (report 16/306 refers), this report provides a summary of the completed work with regard to such assignments, where appropriate.
- 2.2 The scope of 17-32 General Data Protection Regulation was to provide assurance regarding Services preparedness for the General Data Protection Regulation (GDPR) being enacted in May 2018

The GDPR will be enforced from 25 May 2018 and will affect virtually all of the processing of personal data done by the Council. The GDPR will remain law even following the UK's exit from the European Union. A series of Learn Innovate Grow sessions has been completed and a new series will run from February 2018 through to June 2018. Tailored briefings have also been provided to a number of specific teams.

A major task prior to the implementation date is creating a register of all activities involving the processing of personal data across the Council. This has been in progress since September and work is continuing. The Council's Information Compliance Manager has overseen an Implementation Plan that evidences progress to date with key activities. Some areas such as Data Sharing Agreements are noted as "amber" and being progressed. A small number of areas are noted as "red" with the Information Compliance Manager advising this is partly due to implementation of the UK Data Protection Bill and general uncertainty that will be clarified through time.

It is clear that a plan is in place regarding the preparedness for the GDPR implementation. It is proposed that consideration be given to including this topic as part of the 2018/19 internal audit plan as by that time the revised routines will be embedded into working practices.

- 2.3 The scope of assignment 17-29, was to undertake an audit of the European Social Fund (ESF). After consultation with the service and the Scottish Government it was established that the Scottish Government are responsible for ensuring that adequate arrangements are being implemented and adequate controls in place in respect of ESF funding.

The Scottish Government further confirmed that there was no requirement for the council to carry out an internal audit of ESF. In light of the scrutiny being carried out by the Scottish Government it was deemed more appropriate for internal audit to carry out some higher level assurance work rather than a detailed audit to avoid duplication.

This work has now been completed and internal audit can confirm that adequate arrangements are in place in respect of funding received from the European Social Fund.

- 2.4 The scope of assignment 17-10 was to continue to support Services with embedding adequate arrangements in line with the approved risk management policy and strategy. Internal audit have been supporting services throughout the year to embed these arrangements. Whilst the original anticipated target date for completion of this has now passed; due to changes in the administration, community and corporate plans, appropriate progress to review and embed arrangements has been made and a programme of workshops has been scheduled for the forthcoming months. As such, Internal Audit work in relation to this is ongoing and time for this has been included in the Internal Audit Plan for 2018/19.
- 2.5 The outcomes from consultancy assignments are taken into account when considering the Internal Audit universe, from which future Internal Audit plans are derived.
- 2.6 Internal audit has worked with Services to identify opportunities for utilising data matching software to enhance existing controls. A number of areas have been discussed and may be considered in the future, pending further investigation.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report presents a summary of Internal Audit's work against the 2017/18 annual plan.
- 3.2 It is recommended that the Committee notes the progress of work against the plan for 2017/18.

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Strategic Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
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 2017/18

