

PERTH AND KINROSS COUNCIL**Audit Committee****5 February 2014****INTERNAL AUDIT UPDATE****Report by the Chief Internal Auditor****PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work against the 2013/14 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 from the 2013/14 Internal Audit Plan. The facilitation of the National Fraud Initiative has also continued and work on certifying a grant claim has been completed.
- 1.3 Internal Audit has been and continues to be involved with a number of unplanned areas of work. These are at present contained within the resource allocated as part of the Internal Audit Planning process and may impact on the scheduling of work to be undertaken within the year from the Internal Audit Plan. The Works Awarded After Value For Money Assessment audit has been affected by rescheduling and is currently anticipated to be reported to Audit Committee in April 2014. The Audit Committee will be informed of progress and of any specific challenges which may arise in the completion of the audit plan as a result of unplanned activity.
- 1.4 The Audit Committee has previously approved the removal of the Youth Justice audit 13-08 from the Internal Audit Plan [Report 13/500 refers]. After due consideration and dialogue with officers within Children's Services and Audit Scotland, it was proposed to replace this assignment with an audit of Looked After Children, with an indicative scope of ensuring the adequacy of arrangements in place for the assessment of children for support through The Cottages. Members of the Audit Committee were contacted regarding the proposed inclusion so as to ensure that the assignment could be completed within the current year and the proposal was endorsed. It has therefore been included within the Schedule of Planned Audits in Appendix B.

- 1.5 In addition to the inclusion of the above audit within the plan, resources have been made available to undertake a specialist IT audit. After dialogue with IT and Audit Scotland, the Audit Committee were contacted regarding the proposal for a review of interfaces between the Council's main systems and the General Ledger. This proposal was endorsed by members of the Audit Committee and has been included within Appendix C as it is an addition to the planned audits for 2013/14.
- 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 Audit Committee.
- 1.7 Appendix B shows a summary of each audit previously approved as part of the 2013/14 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 2013/14 arising from either Service requests for assistance or from investigatory work.

2. CONCLUSION AND RECOMMENDATION

- 2.1 It is recommended that the Committee notes the progress of work against the plan for 2013/14.
- 2.2 It is recommended that the Committee approves the inclusion of two additional assignments as detailed in paragraph 1.4 and 1.5 above.

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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 2013/14

Appendix C – Progress With Assignments Not Included In The Internal Audit Plan for 2013/14

INTERNAL AUDIT UPDATE

Audit Activity Completed Since The Last Report To Audit Committee

Audit No.	Audit Title	Service
13-12	Voids Management	Housing & Community Care
13-16	Internal Control Review	Housing & Community Care
13-17 (a)	Financial Management of Libraries – Scone Library	Education & Children's Services
13-17 (b)	Financial Management of Libraries – AK Bell Library	Education & Children's Services
13-22	Bus Service Operators Grant Certification	The Environment Service
13-25	Supporting HR with a Case	Housing & Community Care
13-30	Provision of Advice, Support and Training	Housing & Community Care
13-32	Financial Assessments Healthcheck	Housing & Community Care
13-33	Supporting HR with a Case	Housing & Community Care

Appendix B

Progress With Assignments Approved In The Internal Audit Plan for 2013/14 as at December 2013

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment Brief in draft	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
13-01	Revenue Monitoring	Sep 2013	Yes	28 Jun 2013	14 Jan 2014	16 Jan 2014		April 2014
13-02	Software Licenses	Sep 2013	Yes	28 Jun 2013	23 Aug 2013	17 Sep 2013	1 Oct 2013	October 2013
13-03	Procurement	Sep 2013	Yes	5 Jun 2013	27 Jun 2013	1 Jul 2013	15 Jul 2013	September 2013
13-04	MOT Testing	Oct 2013	Yes	28 Jun 2013	20 Sep 2013	23 Sep 2013	23 Sep 2013	October 2013
13-05	RMP Inspection & Maintenance	Sep 2013	Yes	4 Jun 2013	26 Jul 2013	26 Jul 2013	27 Aug 2013	September 2013
13-06	Non-Domestic Rates	Oct 2013	Yes	1 Jul 2013	9 Oct 2013	9 Oct 2013	10 Oct 2013	October 2013
13-07	Council Tax Reduction Scheme	Oct 2013	Yes	10 Sep 2013	30 Sep 2013	2 Oct 2013	2 Oct 2013	October 2013
13-08	Youth Justice	Feb 2014	Yes	N/a	N/a	N/a	N/a	Deleted and replaced by 13-35
13-09	Contract Monitoring: School catering and school cleaning	Feb 2014	Yes	14 Jun 2013	2 Oct 2013	3 Oct 2013	8 Oct 2013	October 2013

13-10	Works Awarded After Value for Money Assessment	Oct 2013	Yes					April 2014
13-11	Financial Management of All-through Schools a. Pitlochry b. The Community School of Auchterarder	Oct 2013	Yes	27 Jun 2013	a. 19 Aug 2013 b. 20 Aug 2013	a. 22 Aug 2013 b. 22 Aug 2013	a. 27 Aug 2013 b. 28 Aug 2013	September 2013 September 2013
13-12	Voids Management	Apr 2014	Yes	14 Oct 2013	14 Nov 2013	5 Dec 2013	18 Dec 2013	February 2014
13-13	Payroll	Feb 2014	Yes	8 Jan 2014				April 2014
13-14	Scottish Welfare Fund	Apr 2014	Yes					June 2014
13-15	Planned advice consultancy - Spend Profiling	Feb 2014	Yes	8 Jan 2014				April 2014
13-16	Internal Control Review	Feb 2014	Yes	11 Nov 2013	28 Nov 2013	4 Dec 2013	8 Jan 2014	February 2014
13-17	Financial Management of Libraries	Jun 2014	Yes	4 Oct 2013	13 Dec 2013	16 Dec 2013	19 Dec 2013	February 2014
13-18	Fleet Management	Jun 2014	Yes					June 2014
13-19	Capital Programme	Apr 2014	Yes	20 Nov 2013				April 2014
13-20	Welfare Reform	Apr 2014	Yes					April 2014
13-21	Cycling Walking Safer Streets Grant Claim	Not applicable	Yes	5 June 2013	25 June 2013	Not applicable	Not applicable	Not applicable
13-22	Bus Service Operators Grant (6 monthly)	Not applicable	Yes	28 Aug 2013	5 Nov 2013	Not applicable	Not applicable	Not applicable
13-23	Bus Service Operators	Not	Yes	24 Jan 2014				

	Grant (6 monthly)	applicable						
13-35	Looked After Children – The Cottages	Not applicable	Yes					April 2014

^ Dates in bold are when reports have been considered by Audit Committee. Other dates are the current anticipated dates for consideration by Audit Committee.

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 2013/14

Ass No.	Assignment Description	State of progress	Draft Report issued	Final Report issued	Audit Committee Date
13-24	Review of processes for grant award within The Environment Service	Complete	N/a	N/a	N/a
13-25	Supporting Human Resources with a case	Complete	N/a	N/a	N/a
13-26	Supporting Procurement with a review of retrospective ordering	Incorporated into planned work	N/a	N/a	N/a
13-27	Review of contracting within The Environment Service	Ongoing			
13-28	Provision of advice and guidance regarding financial governance in Education & Children's Services	Complete	N/a	N/a	N/a
13-29	Annual Account work for SCOTS	Complete	N/a	N/a	N/a
13-30	Provision of advice, support and training to Housing & Community Care's Resources and Business Support Team	Complete	N/a	N/a	N/a
13-31	Supporting HR with a case	In discussion with management			April 2014
13-32	Financial Assessments Healthcheck	Ongoing	13 Dec 2013	20 Dec 2013	February 2014
13-33	Supporting HR with a case	Complete	N/a	N/a	N/a
13-34	IT Audit - Interfaces	Ongoing			April 2014

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.

