

PERTH AND KINROSS COUNCIL

Audit Committee

2 April 2014

THE INTERNAL AUDIT PLAN, 2014/15

Report by the Chief Internal Auditor

PURPOSE OF REPORT

This report presents the proposed Internal Audit Plan for the financial year 2014/15.

1. BACKGROUND

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the production of risk based plans to determine the priorities for internal audit activity, based on a documented risk assessment which is undertaken at least annually.
- 1.2 This plan presented to the Audit Committee is for the period April 2014 to March 2015 and therefore covers a period of 12 months.
- 1.3 In order to ensure compliance with the PSIAS requirement of undertaking an annual risk assessment, a detailed exercise reviewing the 'audit universe' (which includes all significant activities and systems that contribute to the achievement of the Council's objectives and is attached at Appendix C) has been undertaken. This includes a review of the corporate and Service Risk Registers and relevant Service documentation and the analysis of risks and reports submitted to Council and Committees. The Local Area Network of external scrutiny bodies undertakes a strategic risk assessment for Perth & Kinross Council and produces an Assurance and Improvement Plan, which is the assessment of the level of external scrutiny required for each council, and this has been examined. Consultation has also taken place with Services regarding Internal Audit coverage for 2014/15.
- 1.4 Each potential audit subject contained in the audit universe is assigned a priority rating which derives from an assessment of four factors:
 - (i) the significance of the activity or system in relation to the Council's objectives;
 - (ii) the likely consequences of a failure of control, whether in financial, legal, health & safety, reputational or other ways;
 - (iii) the degree of change in the activity or system, whether legislative, managerial or in other ways;
 - (iv) the assessed strength of the internal controls in place, where known, and reported performance.

- 1.5 The priority ratings are assigned independently by internal audit; however, the process benefits greatly from the information provided by Services during consultation.
- 1.6 Each audit assignment has been assessed with regard to the indicative scope and has been assigned an appropriate level of resource in order to deliver the assignment.
- 1.7 Detailed work in the area of adult health and social care has yet to be scoped in partnership with colleagues in the NHS. As such, an allocation of resources is provided within the plan and the approach to be adopted will be reported in due course.

2. PROPOSALS

- 2.1 Appendix A shows a summary of the forecast internal audit resources for 2014/15. The 'Days available for allocation to PKC Internal Audit Plan' equates to 22 audit assignments plus the allocation of resources to adult health & social care. This represents the 'core' audit plan for the Council and is in addition to other direct audit work, including:
- (i) the certification of Council grant claims;
 - (ii) supporting Audit Scotland in the National Fraud Initiative;
 - (iii) other ad-hoc audit assignments.
- 2.2 Appendix B shows the assignments which are proposed to be undertaken during 2014/15. It highlights the areas to be audited, along with the indicative scope of the assignment. The number of audit days attributable to each audit has been estimated and is included here for information, along with the indicative time scales for each audit, being represented. The appendix also references where the assignments are linked to either the Corporate or Service Risk Registers. The 2014/15 Audit Plan is summarised in the table below:

Quarter	Title	Service
1	Business Continuity Follow Up	Corporate / The Environment Service
1	School Attendance Management	Education & Children's Services
1	Adult Support & Protection	Housing & Community Care
1	Housing Standard Delivery Plan	Housing & Community Care
1	Flood Mitigation	The Environment Service
1	Petty Cash	Housing & Community Care
2	Data Protection	Chief Executive's Service
2	Employee Expenses	Chief Executive's Service
2	Financial Management of Secondary Schools	Education & Children's Services
2	Rent Arrears	Housing & Community Care

Quarter	Title	Service
2	Management of Contracts	Corporate / Housing & Community Care
2	Quality of Residential Care	Housing & Community Care
2	Management of Relationship with Live Active Leisure	Education & Children's Services
3	General Ledger	Chief Executive's Service
3	IT Change Management	Education & Children's Services
3	Housing Repairs	Housing & Community Care
3	Online Payments in Schools	Education & Children's Services
4	Housing Benefits	Housing & Community Care
4	Regulatory Services	The Environment Service
4	Capital Projects	Corporate / The Environment Service
Through-out year	Integrated Adult Health & Social Care	Housing & Community Care
Through-out year	Property System	The Environment Service

- 2.3 In addition to the audit coverage of adult health & social care being undertaken throughout the year, the audit of the Property System is also highlighted as such in that this is consultancy work to support The Environment Service in the procurement and implementation of a new system and as such work will take place over a prolonged period.
- 2.4 Appendix B also highlights a division between assurance and planned consultancy activity, which may take place over a longer period. The consultancy assignments are a more pro-active audit approach and aim to support management in building in controls at the outset for the implementation of systems, processes and procedures and also for the provision of specific assurance for particular projects or issues at the request of management. This approach is consistent with the PSIAS.
- 2.5 The listing of audit subjects by Council Service and Division in Appendix B is intended only as a guide. It does not necessarily imply that sole responsibility for that activity or system rests with the Service named or that the audit will be restricted to the work of that Service. In particular, many subjects of a 'corporate' nature (including most of the Council's financial systems) may require access to records across all Services.
- 2.6 It is not the purpose of this part of the planning process to specify the content of each audit in detail, but the high-level indicative scope has been captured to indicate the areas which will be subject to review. This will minimise the time taken in the detailed scoping of assignments at a future date.

- 2.7 The planned work will take place from April 2014 to March 2015, in order to contribute to the development of the Council's Annual Governance Statement for 2014/15.
- 2.8 The responsibility for implementing and maintaining the appropriate controls in each area rests with management. The purpose of the internal audit process is to provide independent assurance to the Council that these controls are appropriate and effective. The aim of the prioritisation process described above is to ensure that this assurance is directed to those areas where it is of most benefit in supporting the delivery of the Council's objectives.
- 2.9 Achievement of the audit plan is based on the assumption of the availability of the anticipated financial and staffing resources. It is also reliant upon the co-operation of Council Services throughout the process, from agreeing the scope of the audit to the implementation of agreed actions. Appendix D details the protocol with Services for the delivery of the Internal Audit Service.

3. CONCLUSION AND RECOMMENDATION

- 3.1 It is recommended that the Audit Committee considers and approves the proposed internal audit plan for 2014/15

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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	Yes
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, all Executive Directors and the Head of Finance have been consulted in the preparation of this report.

3.2 External

- 3.1.2 The Council's External Auditors 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 – Internal Audit Resources (Audit Days) for April 2014 to March 2015

Appendix B – The Audit Universe, Priority Ratings and the Plan for April 2014 to March 2015

Appendix C – The Audit Universe for the 2014/15 Plan

Appendix D – Protocol with Services for Delivery of the Approved Internal Audit Plan

Appendix A – Internal Audit Resources (Audit Days) for April 2014 to March 2015

Description	2014/15
Days Attendance at Work (Net of Public Holidays, Annual Leave and Sickness Allowance)	978
Less: Time on Other Non-Audit Activity (Team and Other Meetings, Training, Personnel and Other Management Tasks)	(110)
Days Available	868
Less: Time on 'Core' Audit Work (Follow-Up, Strategic Audit Planning, Supporting the Audit Committee, Development of Policies & Procedures, Supervision and Quality Assurance)	(205)
Grant certification works	(20)
Supporting the National Fraud Initiative	(30)
Allocation of resources for unplanned work, ad-hoc advisory work and investigations	(100)
Days available for allocation to PKC Internal Audit Plan 2013/14	513
Equivalent Assignments	22

Appendix B – The Audit Universe, Priority Ratings and the Plan for April 2014 to March 2015
Internal Audit Assignments:

Service	Division	Title	Indicative Scope	Internal Audit Priority rating	Total days	Quarter
Corporate	Various	Capital Projects *	To review arrangements in place for managing capital projects throughout the Council.	High	30	4
Corporate	Community Care	Integrated Adult Health & Social Care *	To work in partnership to ensure the adequacy of key arrangements for the governance of the integrated Adult Health & Social Care agenda	High	40	Ongoing
Chief Executive's Services	Legal Division	Data Protection	To review the adequacy of the council's arrangements for Data protection	High	30	2
Chief Executive's Service	Finance Division	General Ledger	To ensure the adequacy of the control environment over the general ledger	Medium	25	3
Chief Executive's Service	Finance Division	Employee expenses	To verify the adequacy of the arrangements for and the accuracy of payments of employee expenses.	Medium	25	2
Education & Children's Services	Education Services	School Attendance Management	To ensure that adequate procedures are in place for the monitoring and management of school attendance.	Medium	25	1
Education & Children's Services	Education Services	Financial Management of Secondary Schools	To review arrangements in place for the financial administration of Secondary schools	Medium	25	2
Education & Children's Services	Business & Resources	Consultancy – online payments in schools	To provide advice when developing and implementing controls enabling schools to receive payments online.	Medium	10	3 - 4
Education &	Cultural &	Management of	To provide assurance over the	Medium	25	2

Children's Services	community Services	the relationship with Live Active Leisure	arrangements in place for the management of the relationship with Live Active Leisure.			
Education & Children's Services	Corporate IT	IT Change Management *	To provide assurance over the arrangements in place for change management within IT.	Medium	25	3
Housing & Community Care	Finance & Support Services	Housing Benefits *	To provide assurance over the adequacy of the control environment within Housing Benefits.	High	25	4
Housing & Community Care	Community Care	Adult Support & Protection *	To provide assurance of the procedures in place for the protection of adults in Perth & Kinross.	High	30	1
Housing & Community Care	Community Care	Quality of Residential Care *	To review arrangements in place for the verification of care standards in residential placements.	Medium	20	2
Housing & Community Care	Housing & Strategic Commissioning	Housing Standard Delivery Plan *	To provide assurance over the Council's ability to meet the requirements of the Scottish Housing Quality Standard on time.	High	25	1
Housing & Community Care	Housing & Strategic Commissioning	Housing Repairs	To ensure that repairs to council housing is undertaken on time and to specification,	Medium	25	3
Housing & Community Care	Housing & Commissioning	Rent Arrears *	To review the adequacy of arrangements in place for the minimising, monitoring and management of rent arrears.	Medium	25	2
Housing & Community Care	Finance & Support Services	Management of Contracts	To ensure that appropriate arrangements are in place for the management of non-capital contracts	High	30	2
Housing & Community Care	Finance & Support Services	Petty Cash	To provide assurance over the arrangements for the management of petty cash	Medium	8	1
The Environment Service	Planning & Regeneration	Flood Mitigation	To review the activity within The Environment Service to mitigate flooding	High	25	1

The Environment Service	Environmental & Consumer Services	Regulatory Services	within Perth & Kinross	Medium	25	4
The Environment Service	Performance & Resources	Business Continuity *	To provide assurance over the arrangements in place for the provision of regulatory services. To provide assurances over the implementation of agreed actions arising from a previous Internal Audit report	Medium	5	1
The Environment Service	Property Division	Consultancy - Property System *	To provide advice and assurance over the arrangements for the procurement and implementation of a new system	High	10	Ongoing
Total Days					513	

* Designates where there is a link in coverage with either Corporate or Service Risk Registers

Appendix C – The Audit Universe for the 2014/15 Plan

Key: 4 and 5 High Priority: Anticipated coverage within a 3 to 5 year cycle

3 Medium Priority: Anticipated coverage dependent on available resources

1 and 2 Low Priority: Not anticipated to cover, however will continue to be included within Audit Universe to ensure that risks remain evaluated.

Service / Subject	Priority	2014/15 Plan?	Previous 3 year coverage
Corporate Issues			
Capital Programme	5		Yes
Capital Projects	5	Yes	
Welfare Reform	5		Yes
Integration of Adult Health & Social Care	5	Yes	
Following the Public Pound	5		Yes
Contracting & Tendering	4	Yes	Yes
Asset Management (Strategy)	4		
Management of Relationship With Tayside Contracts	4		
Perth Office Programme	4		
Savings Arising From Restructures & Reviews	4		
Strategic Planning (including SOA, CPP)	4		
Corporate Risk Management	3		
Gifts & Hospitality	3		Yes

Service / Subject	Priority	2014/15 Plan?	Previous 3 year coverage
Codes of conduct	3		
Business Continuity	3		Yes
Governance in adherence to Council policies	3		
Management Capacity of Senior Managers	3		
Employee Engagement	3		
Transformation Programme	3		
Officer and Elected Member involvement with external organisations	2		
Asset Management (Stocks & Inventories)	2		
Employability / Modern Apprentices	2		
Learning & Organisational Development	2		
Chief Executive's Service			
Democratic Services			
Payments to Elected Members	4		Yes
Governance Arrangements	3		
Register of Hospitality / Interests (Elected Members)	3		Yes
Community Councils	3		
Registration of Births, Deaths, Marriages & Civil Partnerships	3		
Committee Services / Supporting Decision-Making	3		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Development & Support for Elected Members	3		
	External and Internal Communications	3		
	Civic Hospitality	3		
	Elections Team	2		
	Design Team	2		
	Finance			
	Payroll	4		Yes
	Capital Budgeting / Monitoring	4		Yes
	Revenue Budgeting / Monitoring	4		Yes
	Reserves Strategy	4		
	Payroll & Expenses (Elected Members)	4		Yes
	Purchases / Creditors Ledger	4		Yes
	Income / Debtors Ledger	4		Yes
	Treasury Management	3		
	Value Added Tax	3		
	Credit Cards	3		Yes
	Bank Accounts	3		
	Debt Recovery & Write-off	3		
	BACS	3		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Employee Expenses	3	Yes	
	General Ledger	3	Yes	
	Insurance	3		Yes
	Cash & Banking	3		Yes
	Sundry Payments	2		
	Charities / Common Good Funds	2		
	Controlled Stationery	2		
	Renewal & Repair fund	2		
	Non-payroll travel arrangements	2		Yes
	Annual Efficiency Statement	2		
	Issues arising from NFI	1		
	Human Resources			
	Disclosure Checks / Protection of Vulnerable Groups	4		Yes
	Workforce Management & Planning	4		
	Equalities (Employment)	3		
	Maximising Attendance / Sickness Management	3		Yes
	HR Strategy / Policy	3		
	Early / Flexible Retirement	3		
	Employee Review & Development	3		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Flexible Working	3		
	Occupational Health	3		
	Job Evaluation & design	2		
	Redeployment	2		
	Modern Apprentices / Graduate Trainees	2		
	Legal Services			
	Information Security	5		Yes
	Data Protection	5	Yes	
	Licensing / Licensing Board	4		Yes
	Records Management	4		Yes
	Human Rights / Covert Surveillance	3		
	Freedom Of Information	3		
	Internet Policies	3		
	Corporate Complaints	3		
	New Legislation / Legal Compliance	3		
	Corporate Governance Support	2		

Service / Subject	Priority	2014/15 Plan?	Previous 3 year coverage
Education & Children's Services			
Children & Families Services			
GIRFEC	5		
Service For Looked-After Children	5		Yes
Youth Justice	4		
Child Protection	4		Yes
Community Support For Identified Families	4		
Change Fund	3		Yes
Children's Hearings	3		
Fostered / Adopted Children	3		
Throughcare	3		
Permanence Planning	3		
Young Carers Strategy	3		
Cultural & Community Services			
Live Active Leisure Service Level Agreement	4	Yes	Yes
Horsecross Service Level Agreement	4		
Libraries	4		Yes
Arts & Heritage Services	3		
Sports Development	2		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Community Capacity Team	2		
	Community Learning & Development	2		
	Youth Services Team	2		
	Instrumental Tuition Service	2		
	Perth & Kinross Accredited Club Excellence Scheme	1		
	Education Services			
	Raising Attainment & Achievement	4		
	Implementation of Curriculum For Excellence	4		
	Financial Management of Schools (Primary Schools)	4		Yes
	Financial Management of Schools (Secondary Schools)	4	Yes	Yes
	Financial Management of Schools (All-through Schools)	4		Yes
	School Outings	4		
	Early Years services	3		
	School Funds administration	3		Yes
	School Attendance Management	3	Yes	
	Financial Management of Schools (Nursery)	3		
	Financial Management of Schools (Special Schools)	3		
	Supply Teachers	3		
	Probationer Teachers	3		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Breakfast clubs	3		
	Wraparound Care / Out of School Clubs	3		
	Nursery Partner-Providers	3		
	Perth City Campus	3		
	Nursery Admissions	3		
	School Admissions	2		
	Class sizes	2		
	Evidence 2 Success	2		
	Education Psychology Service	2		
	School Crossing Patrols	2		
	Parent Councils	2		
	Education Maintenance Allowances	2		
	Community Link Workers	2		
	Playstart	2		
	School rolls / Class sizes	2		
	Clothing Grants	2		
	Business & Resources			
	Change Management – supporting transformation	4		Yes
	School Estates Strategy	4		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Project Management Standards	4		
	Contract Monitoring - School Catering	3		Yes
	Contract Monitoring - School Cleaning	3		Yes
	Contract Monitoring - Investment In Learning	3		
	School Transport (Entitlement)	3		Yes
	School Lets	3		Yes
	Corporate IT			
	Network Security	4		
	ICT Strategy	4		
	ICT Purchasing	4		
	Change Management	4	Yes	
	Applications Software Development & Maintenance	4		
	Hardware Asset Management	4		Yes
	Strategic Planning	3		
	Equalities (Access To Services)	3		
	Customer Engagement	3		
	Software Licensing	3		Yes
	ICT Operations / Infrastructure Management	3		
	Telephone Communications	3		

Service / Subject	Priority	2014/15 Plan?	Previous 3 year coverage
Housing & Community Care			
Community Care			
Adult Protection & Support	5	Yes	
Drugs & Alcohol Service	4		
Mental Health Services	4		Yes
Home Care Service	4		
Residential Care Services	4	Yes	
Re-ablement	4		
Self Directed Support	3		
Change Fund	3		
Comfort Fund administration	3		Yes
Day Care Centres	3		
Disabilities Services	3		
Community Payback	3		
National Care Home Agreement	2		
Occupational Therapy	2		
Mentoring Service for Adults at risk of offending	2		
Client Transport (Entitlement)	2		
Community Alarm Service	2		

Service / Subject	Priority	2014/15 Plan?	Previous 3 year coverage
Housing & Strategic Commissioning			
Housing Quality Standard	5	Yes	
Housing Rents	5	Yes	Yes
Affordable Housing	4		
Commissioned Services for Housing	4		Yes
Commissioned Services for Community Care	4		
Housing Repairs	4	Yes	
New Build Programme	4		Yes
Housing Investment Plan	4		
Homelessness	3		
Housing Allocations	3		Yes
Voids Management	3		Yes
Local Housing Strategy	3		
Private Sector Housing Grants	3		
Sheltered Housing	3		
Tenancy Fraud	3		
Owner Occupier's Accommodation Related costs	2		Yes
Decorating Vouchers	2		
Garages & Lock-ups	2		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Housing Improvement Grants	2		
	Finance & Support Services			
	Housing Benefits	4	Yes	Yes
	Council Tax	4		Yes
	Procurement	4		Yes
	Scottish Welfare Fund	3		Yes
	Council Tax Reduction Scheme	3		Yes
	Welfare Rights & Income Maximisation	3		
	Interim Funders	3		Yes
	Non-Domestic Rates	3		Yes
	Internal Control Team	3		Yes
	Customer Service Centre	3		
	Petty Cash	3	Yes	
	Contributions Policy	3		
	Charging Policy	3		

Service / Subject	Priority	2014/15 Plan?	Previous 3 year coverage
The Environment Service			
Planning & Regeneration			
Development Control	5		
Flood Mitigation	4	Yes	
Building Standards	3		
Development Planning	3		
Perth City Development	3		
Acquisition & Disposal of Assets	3		
Commercial Property Investment Programme	3		
Support for Businesses	3		
Financial Assistance	3		Yes
Developers Contributions	3		Yes
Perth Harbour	2		
Visit Scotland Partnership Agreement	1		
Traffic Regulation Orders	1		
Environmental & Consumer Services			
Waste Strategy & Management	4		Yes
Fleet Management / Operators License	4		Yes
Events & Festivals Strategy	4		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Refuse Collection	3		
	Commercial Waste	3		
	Street Cleansing	3		
	Grounds Maintenance	3		
	Bereavement Services	3		
	MOT Testing	3		Yes
	Regulatory Services	3	Yes	
	Parks & Open Spaces	3		
	Fuel Management	2		
	Recycling Centres	2		
	Stores	2		
	Public Conveniences	2		
	Placemaking	1		
	Caravan Park	1		
	Performance & Resources			
	Corporate Health, Safety & Wellbeing (Internal)	4		
	Business Continuity	4		Yes
	Corporate Asset Management	4		
	Roads Maintenance Partnership	4		

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Works Awarded After VFM Assessment	4		Yes
	Roads Inspection And Maintenance	3		Yes
	Winter Maintenance	3		Yes
	Roads Safety	3		
	Street Lighting Partnership	3		
	Civil Contingencies	3		
	School Transport (Contract)	3		
	Community Care Transport (Contract)	2		
	Local Bus Support Service	2		
	Traffic Control	2		
	Adoption of Public Roads	2		
	Parking Services	2		
	Blue Badges	2		
	Property Services			
	Property Maintenance	4		
	Property System	4	Yes	
	Corporate Premises Management	3		
	Construction Project Management	3		
	Carbon Reduction Commitment	3		Yes

Service / Subject		Priority	2014/15 Plan?	Previous 3 year coverage
	Energy Management	3		
	Rechargeable Works	2		
	Water Management	2		
	Building Cleaning	2		
	Architectural & Design Services	1		

Protocol with Services for Delivery of the Approved Internal Audit Plan

This document lays down the principles for the delivery of Internal Audit within Services to ensure the delivery of the 2014/15 Internal Audit Plan.

Approval of the Internal Audit Plan

The Internal Audit Plan 2014/15 will be submitted to Audit Committee for approval on 2 April 2014. In support of the delivery of the Internal Audit Plan on time and to budget, it is essential that Services interact appropriately with the Internal Auditors undertaking the audit assignments, from initial discussion of the original brief, through to the agreement of the Final Report and subsequently undertaking the agreed actions on time.

Key dates

For information, the following are key dates for the Internal Audit process:

18 March 2014:	2014/15 Internal Audit Plan considered by the Executive Officer Team
2 April 2014:	2014/15 Internal Audit Plan considered by Audit Committee
31 May 2014:	All Heads of Service will have been consulted on a more detailed scope of assignments in areas on which they lead.

Requirements of the Audit Process

In order to ensure that the process is managed appropriately:

1. Prior to the submission of the Audit Plan to Audit Committee, Heads of Service will have given consideration to the planned timing of the audit assignment and may be able to influence which quarter the assignments are planned to commence so as to ensure that Service provision can be maximised, relevant staff can be released to assist in the process and the process may add the most value in terms.
2. Heads of Service will be consulted on the drafting of the Assignment Briefs prior to the end of May 2014.
3. The Assignment Brief will be issued to Executive Directors, Deputies, relevant Heads of Service and Service Management as appropriate immediately prior to the commencement of each Audit.
4. Once the audit has commenced, it is the responsibility of the Head of Service to ensure that staff are made available to facilitate the audit process. The Internal Auditor will provide an indication of the likely timeframe for testing and for the draft report to Senior Managers once the assignment brief has been issued. The Assignment Brief will detail the anticipated meeting of the Audit Committee which will consider the Final Report.

5. Once fieldwork has been completed, a draft report will be issued to managers in the area being audited, along with other relevant parties, for confirming factual accuracy and for discussion of any potential actions arising from the findings detailed in the report.
6. Once the report has been through a final quality assurance review in Internal Audit, the Draft Report will be issued to Managers and Heads of Service in order to develop an action plan to mitigate the issues raised by the audit. In some cases, Service Managers may have provided responses and where this is the case, these actions will be included within the report. It is management's responsibility to ensure that the action plans are achievable within the timeframes stated within the report.
7. It is imperative that reports are dealt with promptly to ensure that the weaknesses highlighted in the report can be identified timeously for appropriate remedial management action. As such, responses from Heads of Service and Service Managers are to be provided to the relevant Internal Auditor within 10 working days of the issue of the draft report.
8. Once the response has been received and clarifications have been sought to resolve any issues raised, the draft Final Report will be issued to Executive Directors for their information prior to issuing the report as a Final Report.

Undertaking Agreed Actions

In order for Internal Audit to be effective, to deliver a Service which adds value to the organisation and feeds into the Annual Governance Statement, it is necessary for Senior Managers and Chief Officers to engage positively with the entirety of the internal audit process. This process includes addressing the agreed actions arising from the audit report completely and on time.

Internal Audit undertakes a systematic review of all actions agreed in internal audit reports to ensure that action plans are completed on time and in full. This 'follow up' process takes place in line with the Audit Committee timetable and to support the work of the Audit Committee. The Audit Committee is informed of those actions which have not been completed and are provided with an update on the progress of the outstanding actions.

Internal Auditors will contact nominated officers within the Services to ascertain the progress of actions which are due to have been completed. It is the responsibility of Services to respond promptly to such requests for information and to provide the previously agreed evidence as part of the response. Where the actions have not been completed as agreed, the Service must provide an explanation for the delay, a plan to implement the action as soon as possible, and a revised date for completion. On occasions, the agreed action may no longer be required or appropriate. Where this is the case, a detailed explanation of the reasons must be provided to Internal Audit.

It is Internal Audit's responsibility to arrive at a view, based on the evidence provided, as to whether the action has been fully completed and the control

issues raised have been appropriately dealt with. Any issues will be discussed with the Service prior to an opinion being formed.

Feedback

Any feedback on the audit process is welcome. Please contact Jackie Clark, Chief Internal Auditor, on 01738 475524 or by email at JClark@pkc.gov.uk

