

# **PERTH AND KINROSS COUNCIL**

## **Audit Committee**

**16 September 2020**

### **INTERNAL AUDIT UPDATE**

**Report by Chief Internal Auditor (Report No. 20/163)**

#### **PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work, including outcomes from consultancy work undertaken as part of the Internal Audit 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 Between April 2019 and March 2020, Internal Audit has been contacted 31 times for advice/ guidance. Internal Audit will follow up on these areas during the year, where necessary. Where control issues arise as a result of this work, Internal Audit will provide the Audit Committee with a report.
- 1.3 Appendix 1 shows the areas of work which have been undertaken since the meeting of the Audit Committee in February 2020.
- 1.4 In addition to undertaking work in connection with the Internal Audit Plan for Perth & Kinross Council, the team was undertaking assignments in relation to the Perth & Kinross Integration Joint Board.
- 1.5 At the commencement of the COVID-19 pandemic, all planned Internal Audit work was paused. This was to enable the Council to focus on delivering essential services during the pandemic. Internal Auditors have been re-tasked to support this and as such did not progress any audits. Auditors have recently commenced this work and have been finalising audits from the Internal Audit Plan 2019-20.
- 1.6 A review of all previously agreed actions is now being undertaken to ensure that they have been implemented and/or remain relevant, particularly in the light of changes to the organisation arising from the pandemic. A full report will be brought to the next meeting of the Audit Committee.
- 1.7 Throughout the pandemic response, Internal Audit has remained available to provide support and advice in terms of governance, risk management and internal control throughout this period and continues to do so.
- 1.8 Internal Audit has started to return to its key business and an Internal Audit Plan for the remainder of 2020/21 is presented for consideration by this

Committee. This plan will take account of work required to be undertaken in order to support the National Fraud Initiative including specific work around COVID-19 business grants, grant certification required by Scottish Government and the key risks to the Council achieving its objectives.

## **2. OUTCOMES FROM CONSULTANCY WORK**

- 2.1 Within the Internal Audit Plan, there are assignments which are identified as 'consultancy'. Following approval from Audit Committee of a revised reporting process for consultancy assignments (Report 16/306), this Update report provides a summary of completed work with regard to such assignments, where appropriate.
- 2.2 The scope of 19-31 Risk Management was to support Services with embedding adequate arrangements in line with the approved risk management policy and strategy. An Internal Auditor is a fully trained Management of Risk (MoR) practitioner and supports the development of the risk process guides and learning materials used for training workshops and learning lunches. Internal Audit is a regular contributor at risk meetings and reviewing risk registers.
- 2.3 Elected Members have been informed of the Council's Risk Management Framework and the key strategic risks through a report to Audit Committee in June 2019 ([Report 19/196](#)) and a development session led by the Head of Legal and Governance.
- 2.4 Further work is being undertaken to ensure a consistency of approach throughout the Council with regard to the frequency of review and the level of detail being held within the Service Risk Registers.
- 2.5 Internal Audit's MoR practitioner has undertaken a key role in providing support to the Command structure for managing risks relating to the COVID-19 pandemic.
- 2.6 The Audit Committee will receive reports on Risk Management annually as part of their routine business.
- 2.7 In addition to concluding on the consultancy work in relation to the management of risk, Internal Audit has progressed with the use of dedicated data extractions and analysis software (assignment reference C19-32). Use of this software has enabled more efficient and effective monthly data capture for Financial Systems colleagues to identify any Council staff who have debt to the Council.
- 2.8 In addition, assistance has been given to the Financial Assessment & Charging Team in cleansing data prior to their annual billing exercise, utilising IDEA. This will minimise the amount of resources required for identifying potential errors in a highly manual processing system.
- 2.9 The Internal Audit team have attended various seminars and presentations throughout the year to enhance knowledge, in order to further identify

opportunities for identifying error, fraud or duplication using this system and these will be taken forward as appropriate and will be utilised as part of routine audits, where appropriate.

- 2.10 The outcomes from consultancy assignments are taken into account when considering the Internal Audit universe, from which future Internal Audit plans are derived.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report presents a summary of Internal Audit's work and the outcomes from consultancy work.
- 3.2 It is recommended that the Committee notes:
- i) the assignments undertaken by Internal Audit since the last meeting of the Audit Committee;
  - ii) the pausing of Internal Audit activity during the COVID-19 pandemic; and
  - iii) the outcomes from consultancy work.

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications

Community Plan/Single Outcome Agreement

Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2022 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.

- 1.2 This report relates to all of these objectives.

### 2. Assessments

Equality Impact Assessment

- 2.1 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.

- 2.2 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.

#### Risk

- 2.3 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**

#### Internal

- 3.1 The Chief Executive and Head of Legal and Governance 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 1 – Internal Audit Activity