

**PERTH AND KINROSS COUNCIL****Audit Committee****3 February 2016****INTERNAL AUDIT UPDATE****Report by the Chief Internal Auditor****PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work against the 2015/16 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 Plan for 2015/16. In addition, Internal Audit has provided support and guidance to Services for the National Fraud Initiative.
- 1.3 Internal Audit has also been involved with six areas of unplanned activity. Of these assignments, one is a grant claim which required certification by Internal Audit and a report relating to this is included on the agenda for this Committee. Three assignments are ongoing and one has been completed with no report arising from this work. A further assignment has been completed with a report being included on the agenda for this Committee. Internal Audit's unplanned workload is within the resources allocated within the Internal Audit Plan and there are currently no implications for this additional work on the completion of the Internal Audit Plan for 2015/16. However, this work may impact on the ability to complete work in accordance with the original schedule. The Audit Committee will be informed if there is any change to this situation.
- 1.4 The Chief Internal Auditor has continued to work with our co-sourcee to deliver the relevant aspects of the Internal Audit Plan. Reports for these assignments will be presented to Audit Committee.
- 1.5 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 the Audit Committee.

- 1.6 Appendix B shows a summary of each audit previously approved as part of the 2015/16 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.
- 1.7 Appendix C details areas of work which are in addition to the approved Internal Audit Plan for 2015/16 arising from either Service requests for assistance or from investigatory work.

## 2. CONCLUSION AND RECOMMENDATIONS

- 2.1 This report presents a summary of Internal Audit's work against the 2015/16 annual plan. It is currently anticipated that the 2015/16 Internal Audit Plan will be completed within the year.
- 2.2 It is recommended that the Committee notes the progress of work against the plan for 2015/16.

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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

#### 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 2015/16

Appendix C – Progress With Assignments Not Included In The Internal Audit Plan for 2015/16

**INTERNAL AUDIT UPDATE**

**Audit Activity Completed Since The Last Report To Audit Committee**

<b>Audit No.</b>	<b>Audit Title</b>	<b>Service</b>
15-14	Payroll	Corporate & Democratic Services; All Services
15-16 (a)	Financial Management of Schools – Early Years & Primary: City of Perth Early Childcare Centre	Education & Children's Services
15-16 (b)	Financial Management of Schools – Early Years & Primary: Kinross Primary School	Education & Children's Services
15-25	Property System	The Environment Service
15-31	Bus Service Operators Grant*	The Environment Service
15-46	Superconnected City Grant Claim	The Environment Service
15-47	Crieff Primary School	Education & Children's Services

\* No report required for this assignment



## Appendix B

### Progress With Assignments Approved In The Internal Audit Plan for 2015/16 as at August 2015

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
15-01	Following the Public Pound	Sep 2015	1 June 2015	18 August 2015	18 August 2015	21 August 2015	<b>September 2015</b>
15-02	Establishment Approval Process	Sep 2015					March 2016
15-03	Complaints	Sep 2015	8 April 2015	7 July 2015	28 July 2015	21 August 2015	<b>September 2015</b>
15-04	Fostering – Kinship Care	Jun 2015	15 April 2015	28 May 2015	28 May 2015	5 June 2015	<b>June 2015</b>
15-05	Corporate Health & Safety	Sep 2015	12 May 2015	4 August 2015	13 August 2015	21 August 2015	<b>September 2015</b>
15-06	LEADER	Feb 2016					June 2016
15-07	Reablement	Jun 2015	23 April 2015	1 June 2015	1 June 2015	4 June 2015	<b>June 2015</b>
15-08	Reserves Strategy	Sep 2015	28 July 2015	20 August 2015	20 August 2015	21 August 2015	<b>September 2015</b>
15-09	New School Governance	Nov 2015	1 July 2015	13 August 2015	20 August 2015	21 August 2015	<b>September 2015</b>
15-10	Modernising the School Office	Sep 2015	17 September 2015				March 2016

<b>Audit No.</b>	<b>Audit Title</b>	<b>Original Anticipated Audit Committee</b>	<b>Assignment brief approved</b>	<b>Factual accuracy confirmed</b>	<b>Draft Report issued</b>	<b>Final Report issued</b>	<b>Audit Committee Date ^</b>
15-11	Financial Management of a Community Care Establishment: a. Beechgrove b. Dalweem	Sep 2015	20 August 2015	29 October 2015	30 October 2015	2 November 2015	<b>November 2015</b>
15-12	Housing Service Consultancy	Sep 2015					June 2016
15-13	School Transport Contracts	Apr 2016	8 January 2016				March 2016
15-14	Payroll	Feb 2016	12 November 2015	18 December 2015	24 December 2015	8 January 2016	<b>February 2016</b>
15-15	Integrated Assessment	Apr 2016					June 2016
15-16	Financial Management of Schools – Early Years and Primary: a. City of Perth Early Childcare Centre b. Kinross Primary School	Nov 2015	10 September 2015	16 December 2015	18 December 2015	24 December 2015	<b>February 2016</b>
15-17	IT Disaster Recovery	Feb 2016	1 October 2015	21 December 2015	15 January 2015		March 2016
15-18	Planning Applications	Apr 2016	20 January 2016				March 2016
15-19	Homelessness Services	Feb 2016	18 August 2015	7 October 2015	14 October 2015	21 October 2015	<b>November 2015</b>
15-20	Housing Investment Programme	Apr 2016	1 July 2015	17 August 2015	17 August 2015	24 August 2015	<b>September 2015</b>



<b>Audit No.</b>	<b>Audit Title</b>	<b>Original Anticipated Audit Committee</b>	<b>Assignment brief approved</b>	<b>Factual accuracy confirmed</b>	<b>Draft Report issued</b>	<b>Final Report issued</b>	<b>Audit Committee Date ^</b>
15-21	Perth City Campus	Feb 2016	15 September 2015	29 October 2015	30 October 2015	2 November 2015	<b>November 2015</b>
15-22	Self-Directed Support	Apr 2016	30 October 2015				March 2016
15-23	Place Based Scrutiny	Apr 2016	1 July 2015				March 2016
15-24	Health & Social Care Integration	To be determined					June 2016
15-25	Property System	Apr 2016	1 April 2015	17 November 2015	30 November 2015	22 December 2015	<b>February 2016</b>
15-26	Universal Credits	Apr 2016					March 2016
15-27	Transformation	Apr 2016					March 2016
15-28	Sports & Leisure Provision	Apr 2016					March 2016
15-29	Cycling, Walking & Safer Streets Grant	Not applicable	19 May 2015	29 June 2015	Not applicable	Not applicable	<b>Not applicable</b>
15-30	Bus Service Operators Grant (1)	Not applicable	5 May 2015	21 May 2015	Not applicable	Not applicable	<b>Not applicable</b>
15-31	Bus Service Operators Grant (2)	Not applicable	7 October 2015	18 November 2015	Not applicable	Not applicable	<b>Not applicable</b>
15-32	Corporate Governance	Nov 2015					March 2016
15-33	Job Evaluation & Design	Nov 2015					March 2016
15-34	Corporate Risk Management	Feb 2016					March 2016

<b>Audit No.</b>	<b>Audit Title</b>	<b>Original Anticipated Audit Committee</b>	<b>Assignment brief approved</b>	<b>Factual accuracy confirmed</b>	<b>Draft Report issued</b>	<b>Final Report issued</b>	<b>Audit Committee Date ^</b>
15-35	Optimum	Feb 2016	4 November 2015	December 2015	14 January 2016		March 2016
15-36	SEEMIS	Feb 2016	1 October 2015	December 2015	11 January 2016		March 2016
15-50	Roads Maintenance Partnership Follow Up	March 2016					March 2016

^ Dates in bold are when reports have been considered by Audit Committee. Other dates are the current anticipated dates for consideration by Audit Committee where this differs from the originally anticipated date.

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 2015/16

Ass No.	Assignment Description	State of progress	Draft Report issued	Final Report issued	Audit Committee Date
15-37	Whistleblowing – Education & Children's Services	Ongoing			
15-38	Whistleblowing – The Environment Service	Complete	Not applicable	Not applicable	Not applicable
15-39	Whistleblowing – The Environment Service	Complete	Not applicable	Not applicable	Not applicable
15-41	Assessment & Charging, Community Meals	Complete	28 July 2015	20 August 2015	<b>September 2015</b>
15-42	Blue Badge Misuse Procedures	Complete	27 July 2015	21 August 2015	<b>September 2015</b>
15-43	Supported Living Team	Complete	16 October 2015	21 October 2015	<b>November 2015</b>
15-44	Whistleblowing – The Environment Service	Complete	Not applicable	Not applicable	Not applicable
15-45	Primary School Advice	Complete	Not applicable	Not applicable	Not applicable
15-46	Superconnected City Grant Claim	Complete	November 2016	November 2016	<b>February 2016</b>
15-47	Crieff Primary School	Complete	November 2016	December 2016	<b>February 2016</b>
15-48	Counter-Fraud and Corruption Proactive Work	Ongoing – to be reported in annual report			June 2016

15-49	ECS Tender Advice	Complete	Not applicable	Not applicable	Not applicable
15-51	Investigation - ECS	Ongoing			

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.