



Internal Audit Report
Environment (Sustainability, Strategic and Entrepreneurial Development)
Transformation
Consultancy Assignment No. 15-27
March 2016

Final Report

Finance Division
Corporate and Democratic Services
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Consultancy work aims 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.

Background and Introduction

This consultancy assignment was carried out as part of the audit plan for 2015/16, which was approved by the Audit Committee on 1 April 2015.

This report aims to provide management and Elected Members with an overview of Internal Audit’s involvement with, and the current position of, transformation. This assignment has been ongoing throughout the year and, subject to the approval of the Internal Audit Plan for 2016/17, Internal Audit will continue to have an involvement with transformation.

Scope and Limitations

The indicative scope of the consultation assignment, agreed by the Committee, was for the allocation of Internal Audit resource to support the transformation agenda. Internal Audit has reviewed the arrangements in place and the monitoring of the transformation programme from initial inception to date. This has been done through reviewing documentation and through discussion with key personnel.

The review has concentrated on the management arrangements for transformation and has not examined the individual reviews in any detail. Further Internal Audit work will examine the individual reviews and their ability to deliver on their agreed outcomes.

Work Undertaken

Internal Audit has interviewed key personnel involved with transformation over the year and has reviewed reports and documentation provided to key corporate groups and elected members regarding the framework for governance of transformation and the oversight of the individual reviews.

The Council embarked upon a process for identifying areas for transformation during 2014. In January 2015, the EOT agreed that the transformation themes which had been agreed in 2010, of efficiency, redesign and targeted savings remained valid. Further cross-cutting themes were also identified, namely inequality; community co-production; partnerships and technology.

The Council subsequently approved 39 transformation reviews in July 2015 as part of “Building Ambition: The Council’s Transformation Strategy 2015-2020 and Organisational Development Framework”. This report highlighted to Elected Members the approach adopted at that time to transformation and the timeline of

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activity supporting the report. Subsequently, the Strategic Policy and Resources Committee has received reports on progress with Phase 1 of the transformation programme in September and December 2015 and for Phase 1 and 2 in February 2016. The Modernising Governance Member/Officer Working Group, which meets monthly, has received more detailed information at each of its meetings regarding the progress of the individual projects within the overall programme.

The governance arrangements which were originally established for the oversight and management of the transformation programme have been subject to review. This has been due in part to changes which have taken place with personnel responsible for the oversight of the programme. The changes are in the process of consultation and should result in a more streamlined and robust framework of transformation governance and should be in place for the start of the 2016/17. The recommendations for the new governance structure will be considered by EOT in March 2016.

Internal Audit will continue to have involvement with the transformation programme in 2016/17 in an advisory capacity to ensure that arrangements are in place to ensure that the objectives of the programme are met. In addition, Internal Audit will aim to provide specific assurance over the achievements of the benefits anticipated for specific reviews during the year.

Opinion

Arrangements are now in place to support the delivery of transformation projects. The governance and oversight of transformation reviews is subject to regular reporting within the Council and to Elected Members and is currently in the process of being refreshed to ensure that the arrangements are fit for purpose and support delivery. This will provide for a more sustainable platform for oversight.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff and management in Environment (Sustainability, Strategic and Entrepreneurial Development) during this audit.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Walker, Depute Chief Executive (Corporate and Community Development Services) and Chief Operating Officer

J Valentine, Depute chief Executive, Environment (Sustainability, Strategic and Entrepreneurial Development)

K McNamara, Head of Strategic Commissioning & Organisational Development

C Jolly, Team Leader, Strategic Planning and Improvement

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment J Clark

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 10 March 2016