

PERTH AND KINROSS COUNCIL**Audit Sub-Committee – 9 June 2010****INTERNAL AUDIT UPDATE****Report by Acting Chief Internal Auditor****ABSTRACT**

This report presents a summary of Internal Audit's work for 2009/10 against the annual plan.

1. RECOMMENDATIONS

1.1 The Audit Sub-Committee is asked to

1.1.1 note the progress of Internal Audit's work against the plans for 2009/10; and

1.1.2 approve the proposal detailed in Sections 4.2 to 4.4.

2. BACKGROUND

2.1 CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom' requires that the Chief Internal Auditor presents interim reports on the progress with planned audit work.

2.2 A revised planning methodology has been devised for use in the development of the Internal Audit Plan for 2010/11 and is being commenced. This process will ensure that stakeholders are fully engaged and will provide a risk based plan for approval to the Audit Sub Committee. The period covered by the Audit Plan will be September 2010 to March 2011.

2.3 There has been an increase in the level of Internal Audit involvement in unplanned work during the year as a result of a number of matters brought to the attention of Internal Audit by Management. Whilst this has not resulted in Internal Audit undertaking full investigations in all cases, it has required Internal Audit staff to be involved in the provision of advice and support to officers within Services. The original audit plan provided for 100 days of Internal Audit resources to be set aside for such work, however this has been exceeded by 66%, which would represent the equivalent of in excess of 2 audit assignments, based on the assumptions made during the planning process for 2009/10. The high level of cases received within the year has therefore impacted upon the achievement of the Audit Plan for 2009/10.

2.4 In one instance, Internal Audit is involved in a comprehensive investigation. In addition, further investigation work has been undertaken with regard to the sensitive matches arising from the National Fraud Initiative 2008/09.

- 2.5 Internal Audit has concluded its involvement with one investigation which will not result in a report being issued. The matters raised have resulted in management action by the Service responsible. Any issues raised will be taken into consideration in the preparation of the 2010/11 Internal Audit Plan.
- 2.6 Internal Audit is currently involved in unplanned work within the Legal Division of the Chief Executives' Service and it is proposed to substitute the planned assignment 09/014 Licensing, Licensing Board with this assignment.
- 2.7 There continues to be a high level of absence within Internal Audit. This has impacted on the speed with which Internal Audit reports have been issued since the last Audit Sub-Committee; however this is now being addressed.
- 2.8 This situations described at 2.3 to 2.7 have resulted in the Audit Plan as approved in August 2009 [Report 09/381] no longer being achievable within the year. There are a number of projects which have yet to be commenced or are in the early stages of progress.
- 2.9 The recruitment process for the Chief Internal Auditor post has now been completed and an appointment has been made with effect from 1 June 2010.
- 2.10 Appendix A shows a summary of the status of Internal Audit's current assignments, detailing those final reports issued since the last Audit Sub-Committee, the assignments where work is completed and the findings are under discussion with management, and assignments in progress.
- 2.11 Appendix B shows a summary of the status of each outstanding audit from previous years' plans, including currently forecast issue dates in the fourth column.
- 2.12 Appendix C shows a summary of the status of each audit previously approved as part of the 2009/10 plan. Planned issue dates will be provided in the next update report to the Audit Sub-Committee.

3. 2010/11 INTERNAL AUDIT PLAN

- 3.1 It had been anticipated that the Internal Audit Plan for 2010/11 would be submitted to this Sub-Committee meeting however, due to the high level of absence within Internal Audit management, it has not been possible to complete the planning process.
- 3.2 An analysis of work remaining for the 2009/10 plan, along with external assignments for Tayside Fire & Rescue and other grant certification work anticipated, was undertaken along with a review of the anticipated resources available. The analysis has revealed that this work could be completed in the period of June to September, dependent upon the level of unplanned work being at a manageable level. The assignments included in the 2009/10 plan have been highlighted for audit based on an assessment of risk to the Council and therefore this would be an appropriate use of resources until the 2010/11 Internal Audit Plan is presented for approval in September.

3.3 It is proposed that the Internal Audit Plan for 2010/11 would then be submitted to the September Audit Sub-Committee for approval.

4. PROPOSALS

4.1 It is recommended that the Sub-Committee notes the progress of Internal Audit's work against the plans for 2009/10.

4.2 It is recommended that the Sub-Committee approves the substitution of the unplanned work within Legal Division with the planned 09/014 Licensing, Licensing Board as highlighted in Section 2.6 of this report.

4.3 It is recommended that the Sub-Committee endorses the submission of the 2010/11 Internal Audit Plan to the September meeting of the Sub-Committee for approval.

4.4 It is recommended that the Sub-Committee approves the decision to complete the 2009/10 Internal Audit Plan in the intervening period.

5. CONSULTATION

5.1 The Head of Finance has been consulted in the preparation of this report.

6. RESOURCE IMPLICATIONS

6.1 There are no resource implications arising from this report.

7. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

7.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

7.2 The Chief Executive's Service provides a range of functions for internal and front-line customers alike. These functions support the work of the whole Council by assisting them in the delivery of the Council's Corporate Objectives. As a consequence, this report does not specifically relate to one of the objectives, but assists with the delivery of all five.

8. EQUALITIES ASSESSMENT

8.1 An equality impact assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal

requirement to comply with the duty to assess and consult on relevant new and existing policies.

The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) and was assessed as **not relevant** for the purposes of EqIA.

9. STRATEGIC ENVIRONMENTAL ASSESSMENT

9.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

9.2 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

10. CONCLUSION

10.1 This report presents a summary of Internal Audit's work for 2009/10 against the annual plan.

J CLARK

Acting Chief Internal Auditor

Note: 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.

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INTERNAL AUDIT UPDATE

Section 1 The Following Final Reports Have Been Issued since the last Audit Sub-Committee:

Audit No.	Audit Title	Service
09/001	Registrars	Chief Executive's
09/007	Treasury Management	Chief Executive's
09/008	Purchases – Creditors Ledger	Chief Executive's
09/012	ICT Purchasing	Education & Children's Services
09/020	School Transport (Entitlement)	Education & Children's Services
09/040 (b) & (c)	Implementation of integrated Human Resources & Payroll system (consultancy)	Chief Executive's

Section 2 Work On The Following Assignments Is Complete And The Findings Are Under Discussion With Management:

Audit No.	Audit Title	Service
07/012	Best Value / Shared Services	Chief Executive's
08/004	Business Continuity	The Environment Service
08/023	Local Management of Schools - Primary	Education & Children's Services
08/027	Services to Homeless People	Housing & Community Care
09/003	Statutory Performance Indicators 2009/10	Chief Executive's
09/017	Fostered & Adopted Children	Education & Children's Services
09/018	Devolved School Management (Secondary)	Education & Children's Services
09/028	Housing Allocations	Housing & Community Care
09/040 (e)	Information Security Management System	Chief Executive's
09/053	NFI Matches	Education & Children's Services; Chief Executive's
09/055	Training	Tayside Fire & Rescue

Section 3 The Following Assignments Are In Progress:

Audit No.	Audit Title	Service
08/054	Assets & Inventories	Tayside Fire & Rescue Board
09/003	Statutory Performance Indicators 2009/10	Chief Executive's
09/023	Bereavement Services	The Environment Service
09/029	Council Tax	Housing & Community Care
09/030	Housing Repairs	Housing & Community Care
09/054	Capital Projects	Tayside Fire & Rescue
09/057	Investigation	Education & Children's Services
09/058	Investigation	Education & Children's Services
09/059	Investigation	Chief Executive's Service
09/060	Investigation	The Environment Service
09/061	Investigation	Housing & Community Care

INTERNAL AUDIT UPDATE

Schedule Of Planned Audits For Previous Years With Issue Dates

Audit Number	Audit Title	Planned Issue Date	Actual (Forecast) Issue Date	Comments
07/012	Best Value / Shared Services		(July 10)	In progress
08/004	Business Continuity		(June 10)	In discussion
08/023	Local Management of Schools – Primary	Jan 09	(June 10)	In discussion
08/027	Services to Homeless People	Sep 08	(June 10)	In discussion

INTERNAL AUDIT UPDATE

Schedule Of Planned Audits For 2009/10

Audit Number	Audit Title	Planned Issue Date	Actual (Forecast) Issue Date	Comments
09/001	Registrars	Nov 09	May 10	Complete
09/002	Statutory Performance Indicators 2008/09	-	-	Cancelled. Completed by Henderson Loggie
09/003	Statutory Performance Indicators 2009/10	Apr 10	(June 10)	In discussion
09/004	Corporate Risk Management	Oct 09	Nov 09	Complete
09/005	Grants Received	-	-	Un-resourced
09/006	Procurement	Jan 10		
09/007	Treasury Management	Dec 09	May 10	Complete
09/008	Purchases – Creditors Ledger	Feb 10	May 10	Complete
09/009	Expenses (Employees)	Sept 09	Jan 10	Complete
09/010	Corporate Health & Safety	May 10	(Aug 10)	
09/011	Recruitment, Establishment Control	-	-	Un-resourced
09/012	ICT Purchasing	Sept 09	April 10	Complete
09/013	Applications Software Development & Maintenance	Jan 10	(Aug 10)	
09/014	Licensing, Licensing Board	Feb 10	-	Substituted
09/015	Freedom of Information	-	-	Un-resourced
09/016	Planned & Unplanned Maintenance	-	-	Un-resourced
09/017	Fostered & Adopted Children	Jan10	(Jun 10)	In progress
09/018	Devolved School Management (Secondary)	Jan 10	(Jun 10)	In discussion
09/019	Devolved School Management (Special Schools)	-	-	Un-resourced

09/020	School Transport (Entitlement)	Sept 09	May 10	Complete
09/021	Supply Teachers	-	-	Un-resourced
09/022	Economic Development	-	-	Un-resourced
09/023	Bereavement Services	Dec 09	(Jun 10)	In progress
09/024	Sites for Travelling People	Mar 10	(Sept 10)	
09/025	Roads (Inspection & Maintenance)	-	-	Un-resourced
09/026	Home Care Services (Elderly)	May 10	(Sept 10)	
09/027	Day Care Centres (Elderly)	-	-	Un-resourced
09/028	Housing Allocations	Apr 10	(Jun 10)	In progress
09/029	Council Tax	Feb 10	(Jun 10)	In progress
09/030	Housing Repairs	Apr 10	(Jun 10)	In progress
09/040	Implementation of integrated Human Resources & Payroll system (consultancy)	Various		In progress