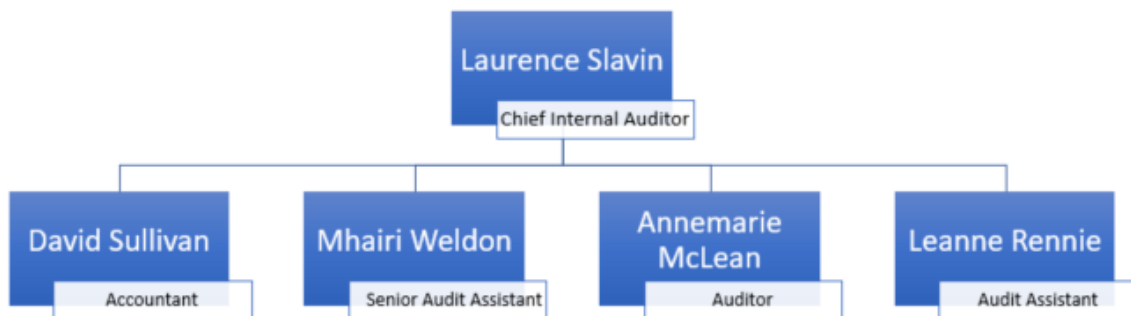


Argyll and Bute Council
Internal Audit Plan
2020/21
(Revised July 2020)



Contents

Purpose of Internal Audit	3
Public Sector Internal Audit Standards (PSIAS) Requirements	3
Risk Assessment	3
Strategic Risks	4
Resourcing the Plan	4
Confirmation of Independence	4
Revised 2020/21 Internal Audit Plan	5
Monitoring the Plan	5
Quality Assurance and Improvement Programme	5
Appendix 1 – Revised 2020/21 Internal Audit Plan	7
Appendix 2 – 2020/21 Internal Audit Plan by Council Directorate / Head of Service	10

Contact Details

Chief Internal Auditor: **Laurence Slavin**

Telephone: **01436 657694**

e-mail: laurence.slavin@argyll-bute.gov.uk

www.argyll-bute.gov.uk

Definition of Internal Audit

1. Internal auditing 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.

Source: Section 4: Definition of Internal Auditing: Public Sector Internal Audit Standards

Purpose of Internal Audit

2. The main objective of internal audit is to provide a high quality, independent audit service to Argyll and Bute Council (the Council) which provides annual assurances in relation to internal controls and overall governance arrangements. In addition to this primary assurance role, internal audit will also:
 - support the Head of Financial Services (S95 Officer) and the Audit & Scrutiny Committee (the Committee) in the discharge of their duties
 - support the Council's Monitoring Officer
 - support the Council's anti-fraud and corruption arrangements
 - provide guidance on control implications for new or changed systems where appropriate
 - support the Council and the Strategic Management Team during key transformational / change projects.

Public Sector Internal Audit Standards (PSIAS) Requirements

3. PSIAS sets out the requirement for the:
 - Chief Internal Auditor (CIA) to prepare a risk-based audit plan which takes into account the Council's strategic objectives, associated risks and the views of senior management and the Committee
 - CIA to review and adjust the plan as necessary in response to changes in the Council's business, risks, operations and priorities
 - audit plan to incorporate or be linked to a strategic or high-level statement of how internal audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities.

Risk Assessment

4. Internal audit's approach to annual audit planning is risk-based with all areas which may be subject to audit review contained within an audit universe which is subject to formal review, at least annually. The audit universe includes all significant activities and systems that contribute to the achievement of the Council's priorities and objectives.
5. The audit universe is risk assessed each year to help determine the annual audit plan and ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk. Note however that that the audit universe, whilst a key factor, is not the only consideration

when determining the audit plan. Senior management have been consulted on priority areas for review, and cognisance is taken of the plans of external audit and other statutory agencies, in order to avoid duplication, and increase potential for cross reliance.

6. The audit universe risk assessment is based upon a matrix taking account of scores for each potential audit area in respect of:
 - materiality (based on expenditure)
 - sensitivity (based on whether a service is a statutory duty, statutory power or non-statutory, is customer facing and whether it features as a specific challenge in the Council's service plans)
 - time elapsed since it was last subject to review
 - overall audit assessment when it was last subject to review.
7. The matrix gives an overall "score" for each area that is used to prioritise audit reviews.

Strategic Risks

8. The Strategic Risk Register records the Council's own assessment of the most potentially damaging risks and their likelihood of occurrence. This document is used to inform the annual audit plan.

Resourcing the Plan

9. Internal audit has a core establishment of five full time equivalent officers including two professionally qualified members of staff. Available audit days have been calculated as 624 days (including 59 days of management and administration time), following the deduction of annual leave, training, a small provision for sickness and 55 days to deliver scrutiny work. This 624 days total includes the CIA's input to audit reviews and the running of the internal audit team and a contingency of 55 days.
10. Given the range and complexity of areas to be reviewed it is important that suitably qualified, experienced and trained individuals are appointed to internal audit positions. The CIA, in compliance with PSIAS holds an appropriate professional qualification (CIPFA). Also within the internal audit section we have one CIMA qualified team member, one AAT qualified member who is also training for IIA and one training for CIPFA.
11. Internal audit officers identify training needs as part of their annual appraisal process and are encouraged to undertake appropriate training, including in-house courses and external seminars as relevant to support their development.
12. Through an assessment of the mix of knowledge, skills and experience of the audit team, it is considered that the available resources are sufficient to achieve the work outlined in the plan.

Confirmation of Independence

13. PSIAS requires internal audit to communicate, on a timely basis, all facts and matters that may have a bearing on our independence. We can confirm that the staff members identified to complete the reviews in the 2020/21 annual audit plan are independent and objectivity is not compromised.

Revised 2020/21 Internal Audit Plan

14. The 2020/21 Internal Audit Plan was first presented to, and endorsed by, the Audit and Scrutiny Committee on 17 March 2020. However the COVID-19 pandemic resulted in all audit and scrutiny activity being halted from the end of March 2020 until the end of July 2020 as audit resource was redeployed to critical COVID response activity. This meant that a number of ongoing reviews from the 2019/20 Internal Audit Plan were not completed and there was a delayed start to the 2020/21 Internal Audit Plan.
15. In early July 2020 the Chief Internal Auditor reviewed the outstanding work from the 2019/20 internal audit plan and the proposed 2020/21 work to reprioritise the reviews in light of the reduced resource available to deliver the plans. Proposed work with lower risk profiles were either pushed back to 2021/22 or removed entirely at the current time to be reconsidered as possible future reviews when we consider the 2021/22 plan. This version of the plan reflects the decisions made in July 2020.
16. Appendix 1 presents the internal audit plan for 2020/21. As our internal audit approach is informed by risks, where appropriate, the plan is cross-referenced to the strategic risk register contained at appendix 3. Appendix 3 also demonstrates the strategic risks that were subject to audit focus in 2019/20 and those we are projecting to cover in the period 2020/21-2021/22. This provides assurance to the Committee that all strategic key risks are subject to audit coverage over a three year cycle. Note that the projected timescales in appendix 3 are provisional as these may change to reflect changes in the Council's risk environment.
17. Appendix 2 presents the 2020/21 internal audit plan in a different format to provide assurance to the Committee that it provides appropriate coverage across all the Council's directorates and head of service's areas of service delivery.

Monitoring the Plan

18. Internal audit reports on performance to the Committee on a quarterly basis including full copies of audit reports issued, progress implementing audit recommendations, performance against agreed performance indicators and a summary of all internal audit activity in the previous quarter.

Quality Assurance and Improvement Programme

19. The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme (QAIP) based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment.
20. The Scottish Local Government Chief Internal Auditors' Group (SLACIAG) has developed a framework for external assessments to be undertaken by member authorities of SLACIAG on a broadly reciprocal arrangement utilising a peer review option. The Council's internal audit team has participated in this framework and an external validation of its own self-assessment took place during 2018/19 which concluded that we demonstrated overall compliance with PSIAS with many areas of strong practice. The next scheduled external assessment will be conducted in 2022.
21. In 2019/20 internal audit carried out an internal self-assessment against PSIAS which was reported to Committee in September 2019. It confirmed the service fully conformed to PSIAS in

11 of the 14 assessment areas. The three areas where they were self-assessed as 'Generally Conforming' is due to the identification of areas for improvement which are fairly minor in nature. These improvements have been built into the service's QAIP.

22. The internal audit team review their QAIP on a quarterly basis and report it to the Committee as part of the standard agenda item 'Internal Audit Summary of Activities.' The programme details all improvement activity being progressed by the team.

Appendix 1 – Revised 2020/21 Internal Audit Plan

Directorate Contact	Service	Audit Title	Days	High Level Scope	Strategic Risk
Cross Cutting	Continuous Monitoring Programme	Fraud	5	Participation in National Fraud Initiative	
		Budgeting	10	Cyclical review of key controls over an 18 month programme of audit testing	
		General Ledger	10		
		Creditors	15		
		Debtors	10		
		Payroll	18		
		Treasury management	10		
		Council Tax and NDR	15		
		VAT	10		
Follow-up	20	Compliance			
Pippa Milne	Strategic Finance	Capital Monitoring	25	Assess the revised capital monitoring procedures and controls	SRR02
	Revenues and Benefits	Scottish Welfare Fund	20	Assess the arrangements for managing the Scottish Welfare Fund Crisis Grants and Community Care Grants	
Douglas Hendry	Education	Pupil Work Placements	25	Establish and assess the procedures the Council have for safeguarding school pupils on work experience placements	
	Advice Services	Welfare Rights	25	Assess compliance with statutory requirements and Council policy	
	Property Services	Management of Contracts	25	Assess the arrangements for managing and monitoring property contracts	SRR02
Kirsty Flanagan	ICT	Disaster Recovery Planning	25	Assess the adequacy and effectiveness of the Council's disaster recovery arrangements	SRR08
	Human Resources	Sickness Absence	25	Assess the adequacy and effectiveness of the Council's sickness absence arrangements	
	Organisational Development	Workforce Planning	25	Confirm the Council's arrangements for workforce planning and associated processes are appropriate and operating as expected	SRR03 SRR06

Directorate Contact	Service	Audit Title	Days	High Level Scope	Strategic Risk
	Operations (Roads and Amenity)	Warden Service	20	Assess the controls relating to the application of statutory requirements and Council policy	
	Strategic Transportation	Oban Airport	12	Assess compliance with the aerodrome operating manual	
	Economic Development	LEADER	10	Assess compliance with the requirements of the Argyll and the Islands LEADER 2014 – 2020 Service Level Agreement	
	Housing	Homelessness	25	Ensure appropriate arrangements are in place for the provision of accommodation to homeless clients	
Joanna MacDonald	H&SCP	Charging for Non-Residential Services	25	Assess the charging arrangements for non-residential care services	SRR07
	H&SCP	Learning Disability Care Packages	25	Assess the arrangements for managing learning disability care packages	SRR07
Kevin Anderson	LiveArgyll	Intercompany Controls / Budget Monitoring	20	Assess the controls to ensure expenditure and payroll transactions are appropriately split between company 1 (Argyll and Bute Council) and company 2 (Live Argyll)	
	LiveArgyll	Establishment visits	6	Cyclical audit approach to assess LiveArgyll establishment's	
Verification Activity	LGBF	Accuracy	7.5	Accuracy of submission	
	Stores	Stock count	3	Assess stock count procedures	

2019/20 Audit Work Carried Forward into 2020/21 Plan

Directorate Contact	Service	Audit Title	Days	High Level Scope	Strategic Risk
Joanna MacDonald	H&SCP	Contract management	15	Review of governance and contract monitoring across a sample of contracts for care services	
Douglas Hendry	Education	School Purchasing	1		
	Education	Special Investigation	1		

	Estates & Property Development	Legionella Improvement Plan	2.5	Assess progress against the legionella improvement plan and compliance with, appropriate policies and procedures	
Council Wide	ICT	System Interfaces/ Reconciliations	15	Ensure appropriate controls are in place over key system interfaces	
	ICT	Logical Access	8	Assess key system logical access rights to ensure they are commensurate to officer responsibilities	

Summary of Days

Directorate Contact	Number of Days
Cross Cutting – Continuous Monitoring	146
Pippa Milne	45
Douglas Hendry	79.5
Kirsty Flanagan	142
Joanna MacDonald	65
LiveArgyll	26
Verification Activity	10.5
Contingency	55
Total	569

Appendix 2 – 2020/21 Internal Audit Plan by Council Directorate / Head of Service

Pippa Milne	Douglas Hendry			Kirsty Flanagan			Joanna MacDonald
Financial Services	Education	Legal & Regulatory	Commercial Services	Customer Support	Roads & Infrastructure	Development & Economic	Health & Social Care Partnership
Capital Monitoring	Pupil Work Placements	Welfare Rights	Management of Contracts	Disaster Recovery Planning	Warden Services	Oban Airport	Charging for Care Services
Scottish Welfare Fund	School Purchasing		Legionella Improvement Plan	Sickness Absence		Homelessness	Learning Disability Care Packages
	Special Investigation			Workforce Planning		LEADER	Contract Management
Cross Cutting: Logical Access, System Interfaces/Reconciliations							
Continuous Monitoring Programme Budgeting, General Ledger, Creditors, Debtors, Payroll, Treasury Management, Council Tax & Non-Domestic Rates, VAT							
Live Argyll				Other Activity			
Intercompany Controls / Budget Monitoring Establishment Visits				NFI Follow Up Local Government Benchmarking Framework			