

Agenda Item	4
Report No	AS/2/19

HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 27th March 2019

Report Title: Internal Audit Plan 2019/20

Report By: Corporate Audit Manager

1. Purpose/Executive Summary

1.1 This report presents the 2019/20 Internal Audit plan for approval.

2. Recommendations

2.1 The Committee is asked to approve the 2019/20 Internal Audit Plan.

3. Internal Audit Plan 2019/20

- 3.1 In accordance with the Public Sector Internal Audit Standards (the PSIAS), the Corporate Audit Manager prepares a risk based audit plan which outlines the assignments to be carried out, their respective priorities and the estimated resources needed for the year.
- 3.2 This has now been undertaken and the 2019/20 Internal Audit Plan is attached at **Appendix 1**.

4. Audit Planning Process

- 4.1 The Plan has been produced in accordance with the Audit Charter and the requirement of the PSIAS. The starting point was the 5 year risk based Strategic Plan which was prepared for the period 2015/16 to 2019/20. As part of this, the "Audit Universe" which contains details of all possible auditable areas was mapped to the financial materiality of the area, any relevant Corporate and/ or Service risks, and any Programme commitments. As previously advised to Committee all auditable areas have also been risk scored to identify the audit priority. The audits which were listed for review in 2019/20 were then discussed at the annual audit planning meetings with the Chief Executive and Service Directors.

It was previously agreed at Committee that the audit priorities would be reviewed but this has not been possible in the available time due to difficulties in understanding how to extract this information after the audit management system was upgraded. However, this will be undertaken during quarter 1 of 2019/20 and the audit priorities will be reviewed with the various Directors and their management teams. This exercise will also involve reviewing and updating the previously completed assurance mapping exercise which includes performance data available, other assurance information available and both external and internal reviews such as redesign. This information will also be updated to reflect any changes in organisational structures. If there are any changes to the audit plan arising from this then this will be brought back to Committee for approval.

- 4.2 2 part-time Assistant Auditors (1.2 FTE) have left this month and as there is a budget saving to be made from April 2019 of 1 FTE, these posts will be deleted. Therefore from 1st April, the Internal Audit Section's establishment will consist of 6 FTE audit staff (2 * Senior Auditor and 4 * Assistant Auditor) and 1 FTE for the Corporate Audit Manager. 1 Senior Auditor post is presently unfilled and arrangements are now in place to commence the recruitment process. An allowance has been made for this vacancy within the available resources and these are considered sufficient to deliver the Council's 2019/20 Plan and the annual audit opinion which informs the Annual Governance Statement. In accordance with the PSIAS it is confirmed that there are no significant threats to the independence of the Internal Audit activity such as inappropriate scope or resource limitations. However, this is provided on the basis that there is no further reduction or change in the available resources e.g. long-term sickness absence or vacancies.
- 4.3 The Audit Plan also includes the work undertaken by the 2 FTE within the Corporate Fraud Team. This includes acting as the Single Point of Contact with the Department of Work and Pensions, and Police Scotland, investigating all fraud referrals including those involving suppliers, employees, Council Tax and NDR benefits/ discounts, and any possible frauds arising from the National Fraud Initiative.
- 4.4 The Audit Plan refers to the planned work with regard to Highland Council only. In addition, the Section also undertakes work for:
- The Valuation Joint Board
 - HITRANS

- High Life Highland.

4.5 There are audits in progress from the 2018/19 Plan which will not be completed by the year-end. Time has been allowed for this work in progress which will be reported to Committee as part of the 2019/20 audit work undertaken.

5. Implications

5.1 Resources & Risk:

Resources are outlined at 4.2 above. Due to the reduction in the number of Internal Audit staff should there be any changes to the staffing resource which impacts upon the ability to deliver the audit plan then there is a risk that this is insufficient to provide the annual audit opinion. Should this be the case then the Council's External Auditors may decide to undertake further work which could be at additional cost to their agreed audit fee.

5.2 There are no Legal; Climate Change/Carbon Clever or Gaelic implications.

Designation: Corporate Audit Manager

Date: 19th March 2019

Author: Donna Sutherland

Background Papers:

Highland Council Internal Audit Plan 2019/20

Service	Audit Ref and Name	Indicative Audit Scope	Planned Days
Care & Learning Service	HAB02/001 - Review of the systems for the payment of relief and temporary Teachers	Review of the process for the submission of hours claimed using SAL6 forms to ensure that this is appropriate and that appropriate controls are exercised over such claims. Also to ensure that these are used for the correct groups of staff and cannot be used to bypass the system for the management of vacancies within the Council.	27
Care & Learning Service	HAC02/002 - Review of contract arrangements with High Life Highland	Review of the arrangements with HLH to ensure that these provide best value for the Council and are in accordance with the Following the Public Pound principles.	23
Care & Learning Service	HAC03/002 - Review of the arrangements for the funding to External and Third Sector Organisations	Review of the arrangements for the funding and payment to organisations across the Service to ensure this is undertaken in a consistent manner. Also that any arrangements accord with Council policies including the single grants process, procurement requirements and Following The Public Pound guidance.	25
Care & Learning Service	HAD06/005 - Workforce Planning and Staffing Arrangements	Review of the Service's workforce planning and staffing arrangements.	28
Care & Learning Service	HAD06/006 - Review of ICT arrangements in Schools	Review of the controls in place for the management of network capacity and storage in schools. Also how this links with the roll out of chrome books and the ongoing technical support in place.	30
Chief Executive's Office	HBA01/015 - Change Programme - Trades Review Board	Allowance for time associated with attending the Trades Review Board.	10
Chief Executive's Office	HBA01/016 - Council Redesign	Allowance of time associated with any activities arising from Council Redesign and the associated Change Programme.	20
Community Services	HCA04/003 - Review of arrangements for the award of works to sub-contractors	Desktop review of the arrangements for the award of work to sub-contractors by staff within the Housing and Building Maintenance function.	30
Community Services	HCC02/002 - Car Parks	Review of car park arrangements across the Council including deployment of staff, income systems and parking enforcement arrangements.	23
Community Services	HCD01/004 - Review of Mobile and Flexible Working arrangements	Review of the Total Mobile Building Maintenance system (Housing staff), looking at the impact and new arrangements from this system and stores implications.	30

Service	Audit Ref and Name	Indicative Audit Scope	Planned Days
Corporate Resources	HDA16/002 - Review of purchase to pay arrangements	Corporate review of the arrangements for the purchasing and payment of goods and services to ensure that appropriate controls are in place. This will also link with budgetary control arrangements and consideration of the roles and responsibilities of budget holders in approving expenditure and monitoring and control of their budgets.	30
Corporate Resources	HDA16/003 - Procurement	Review of significant areas of expenditure to ensure that the contract suppliers are used as appropriate. Also consideration of any major areas where either contract suppliers have not been used or there are no contracts in place, to ensure that there are valid reasons for these or whether corrective action is required.	27
Corporate Resources	HDB05/005 - Income Systems	Review of the reconciliation and different systems interfaces to ensure the completeness and accuracy of income received. Also that these processes work as efficiently as possible.	18
Corporate Resources	HDC03/006 - HC Annual Governance Statement 2018-19	Allowance of time for work associated with producing the annual audit opinion and AGS.	12
Corporate Resources	HDC06/030 - NFI work 2019-20	Allowance of time associated with NFI exercises.	12
Corporate Resources	HDC17/008 - Lean review - follow up	Allowance of time for following up progress in the lean review.	5
Corporate Resources	HDC24/006 - Follow Ups Allowance 2019-20	Allowance of time associated with action tracking (follow-up) process	25
Corporate Resources	HDC25/006 - Audit Certificates 2019-20	Time allowance for certification of grant claims.	50
Corporate Resources	HDD01/005 - Review of absence management arrangements	Corporate review to ensure that robust arrangements are in place for the management of absence across the Council. This will include review of the timeliness and completeness of absence data produced and ensuring compliance with the relevant policies and procedures.	32
Corporate Resources	HDD04/004 - Cyber Security	Review of the Council's Cyber Security arrangements to ensure that these are appropriate and effective. This will also include review of the service's incidence response arrangements.	23
Corporate Resources	HDD04/005 - ICT Contract Management Arrangements	Review of the arrangements for the management of the ICT contract with Wipro to ensure that these are working effectively.	27
Development & Infrastructure Service	HEA05/007 - Review of EU funded schemes	Review of selected EU funded schemes in particular Employability and ESF to ensure that these are achieving the expected results.	18
Development & Infrastructure Service	HEA05/008 - LEADER Programme 2018-19	Annual review of the administration of the LEADER Programme to ensure that this is undertaken in accordance with the relevant regulations and legislation.	23
Development & Infrastructure Service	HEB03/002 - Review of capital projects	Review of the project management arrangements in place in respect of selected Flood Team projects. Will check that these comply with relevant project governance guidance and procedures.	28

Service	Audit Ref and Name	Indicative Audit Scope	Planned Days
Development & Infrastructure Service	HEC01/004 - Review of charging and monitoring of time to projects	Examination of the systems in place for the recording, charging and monitoring of time to projects.	21
Development & Infrastructure Service	HEC02/003 - Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2018-19	Review of the arrangements for compliance with the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES) and to ensure that the necessary Scheme requirements have been met.	19
Development & Infrastructure Service	HEC05/001 - Collection of school meals income	Review of the arrangements for the collection of school meals income to ensure that this is operating as efficiently as possible. This will also include review of the arrangements for the effective management of debt.	25