

Council response to Audit Scotland's Letter

Independence

As is mentioned in Audit Scotland's letter, the Audit and Risk Manager does have direct access as deemed appropriate / necessary to the Executive Director of Corporate Services and the Chief Executive. It is also the case that the Audit and Risk Manager has access to all other Executive Directors and also Elected Members.

So that a reporting line is maintained between Internal Audit and the Chief Executive, the Audit and Risk Manager has arranged regular bi monthly meetings with the Chief Executive over and above any additional ad hoc meetings required.

It should be noted a recent survey, carried out by WDC's Audit and Risk Manager, shows that 15 out of 32 Scottish Councils have an Officer in the role of Chief Internal Auditor which involves non-audit activities.

To resolve the issue of any lack of independence for the Audit and Risk Manager post, the recently revised Internal Audit Charter, submitted to this committee in a separate report, proposes the following arrangements at paragraph 4.6:

"The Internal Audit Section uses a risk based methodology to determine the key elements of the annual audit plan. In recognition of the responsibility of the Chief Executive and Executive Directors (the CMT) in ensuring that there is an adequate and effective system of internal financial control in their department, the Internal Audit annual plan is also prepared in consultation with the CMT."

and at paragraph 4.7

"In order to ensure that internal audit independence and objectivity is maintained and demonstrated, any internal audit work on these areas will be carried out by Internal Audit staff with the Chief Internal Auditor as the client and therefore with no involvement in determining the scope of such work or in the delivery and reporting of the internal audit review and the report will submitted in the name of the Section Head (Internal Audit)."

Risk based methodology

This methodology is explained within the 2013/14 Audit Plan at paragraph 2.1. However, further documentation will be prepared and a Briefing Note is also to be provided for Elected Members.

Internal Audit budgeting and progress reporting

Further information on actual v budgeted time will be included for time spent on audit assignments from 1 April 2013 onwards.

Follow up of action plan points

It is anticipated that the continuing use of Covalent for audit action follow up will help to reduce the number of actions that do not meet their agreed implementation date. Meetings of the Audit and Performance Review Committee are now regularly attended by all Executive Directors who will provide comments as to why the completion of specific recommendations has been delayed. In addition, where deemed appropriate, Officers with responsibility for implementing recommendations that have passed their due date will be invited to attend committee to provide further explanations.

The revised Internal Audit Charter provides further information on the implementation timescales for completion of agreed actions (paragraph 8.5).

Computer Audit

The Council's Internal Audit Section has had regular representation at the Computer Audit Sub-Group of the Scottish Local Authorities Chief Internal Auditors (SLACIAG) over many years and this practice will continue. Following on from a recent meeting of this group, an understanding of the current key issues within computer audit work is being assessed. In keeping with normal planning procedures discussions, will be held with Audit Scotland to avoid unnecessary duplication of all audit work, including computer audit. Thereafter, a work plan of computer audit work will be prepared to be carried out by Internal Audit staff which will include the use of the Cipfa Control Matrices for IT Governance where considered appropriate.

It should be noted that within its wider team, the Audit and Risk Section has the post of ICT Security Officer, a post which itself is now independent from direct ICT management. Although not a member of the Internal Audit Section, audit staff will be able to liaise directly with this Officer on a "reliance on an expert" basis. Additionally, the ICT Security Officer's knowledge of the Council's core ICT function can be used in order to highlight specific concerns which audit staff can then consider further.

Internal Audit involvement in system changes

The Audit and Risk Manager has recently emailed Executive Directors requesting that Internal Audit is contacted in relation to system changes and he will ensure that appropriate audit resources are allocated to work on systems under development or revisions to existing systems.

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