







**30. AZETS - ANNUAL AUDIT PLAN FIFE COUNCIL**

The Committee considered a report by the Head of Finance providing the Azets External Annual Audit Plan for Fife Council for the financial year 2022/23, setting out the risks highlighted, planned work , audit scope and timing.

**Decision**

The Committee:-

- (1) welcomed members of the Azets Audit Management Team to the meeting of the Standards, Audit and Risk Committee, as the newly appointed external Auditors for Fife Council, and
- (2) noted the Azets External Annual Audit plan for Fife Council for the financial year 2022/23.

**31. FINANCIAL BULLETIN 2021-22 - FIFE'S POSITION**

The Committee considered a report by the Head of Finance providing an update on Fife's Position in respect of the Local Government in Scotland Financial Bulletin 2021-22 published by the Accounts Commission in January 2023.

**Decision**

The Committee noted the progress Fife Council had made in respect of the key messages contained within the report.

**32. 2022/23 ISSUED AUDIT REPORTS**

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing summary findings from the Internal Audit Reports finalised since the previous meeting of the Standards, Audit and Risk Committee. The report highlighted any areas of concern and if applicable, instances where Services were not taking appropriate action.

**Decision**

The Committee:-

- (1) noted the contents of the report and the summary of findings detailed at Appendix 1 to the report; and
- (2) expressed appreciation of Communities – Customer Services in relation to their management of the Scottish Welfare Fund (SWF) Crisis Grants, Community Care Grants and Self-isolation Support Grants in line with Scottish Government guidance: there were no areas for improvement identified in Audit Report number 5 (05/22).

**33./**

**33. INTERNAL AUDIT PLAN PROGRESS REPORT**

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on the progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans.

**Decision**

The Committee noted:-

- (1) the update on progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans at Appendix B and Appendix A to the report, respectively; and
- (2) the movement in status for each assignment, detailed in the appendices, since these were last presented to Committee on 31st October 2022.

**34. FIFE INTEGRATION JOINT BOARD (IJB) 2022/23 ANNUAL INTERNAL AUDIT PLAN**

The Committee considered a report by the Service Manager, Audit and Risk Management Services presenting Fife Integration Joint Board's (IJB) 2022/23 Annual Internal Audit Plan.

**Decision**

The Committee noted the contents of the Fife Integration Joint Board's (IJB) 2022/23 Annual Internal Audit Plan at Appendix 1 to the report.

**35. STANDARDS, AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME**

The Committee considered the Standards, Audit and Risk Committee Forward Work Programme.

**Decision**

The Committee noted the contents of the Standards, Audit and Risk Committee Forward Work Programme which would be updated accordingly.

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25 May, 2023

Agenda Item No. 4

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## External Quality Assessment (EQA) of Fife Council's Audit Services

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**Report by:** Pamela Redpath, Service Manager, Audit and Risk Management Services

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**Wards Affected:** All

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### Purpose

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To submit to Members of the Standards, Audit and Risk Committee, a report by Aberdeenshire Council's Chief Internal Auditor on the EQA of Fife Council's Audit Services.

### Recommendation(s)

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Members are asked to note the content of the EQA report at Appendix A.

### Resource Implications

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None.

### Legal & Risk Implications

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There is a risk that the Council's Internal Audit Service may not conform with the Public Sector Internal Audit Standards (PSIAS) as required by relevant legislation.

### Impact Assessment

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An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

### Consultation

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The Chief Executive, Executive Director of Finance and Corporate Services, the Council Executive Team, Head of Finance, Head of Legal and Democratic Services and the Convener / Vice Convener of the Standards, Audit and Risk Committee have been consulted on the content of this report.

## 1.0 Background

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- 1.1 The Public Sector Internal Audit Standards (PSIAS), which came into effect from 1 April 2013, revised from 1 April 2017, apply to all internal audit service providers within the public sector and set out the requirements in respect of professional standards for these services.
- 1.2 Professional Standard 1300, Quality Assurance and Improvement Programme (QA&IP) states that “the chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity”. In the context of Fife Council, the “chief audit executive” is the Service Manager, Audit and Risk Management Services. To conform with the PSIAS, the QA&IP must enable evaluation of Audit Services’ conformance with the standards in the PSIAS (including the Definition of Internal Auditing and Code of Ethics), include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and help identify opportunities for improvement.

## 2.0 Peer Review Process

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- 2.1 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors’ Group (SLACIAG) established a collaborative system of formal peer reviews. The peer review process not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally.
- 2.2 The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process.
- 2.3 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma.
- 2.4 Fife Council’s Audit Services has just received its second EQA, under the above arrangement, delivered by Aberdeenshire Council’s Chief Internal Auditor. The findings from that exercise are contained in the report at Appendix A, along with the overall conclusion and one recommendation.

## 3.0 Conclusions

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- 3.1 The overall conclusion from the EQA is that Fife Council’s Internal Audit Service fully conforms with the PSIAS. One area for improvement surrounding the formal assessment of staff skills and competencies relating to Attribute Standard 1200 – Proficiency and Due Professional Care has been agreed with the Service Manager, Audit and Risk Management. The Action Plan can be found on page 16 of the EQA report at Appendix A.

List/

## List of Appendices

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A. EQA report

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# EXTERNAL QUALITY ASSESSMENT 2 OF FIFE COUNCIL'S INTERNAL AUDIT SERVICE

## **Report Recipients:**

Steve Grimmond, Chief Executive  
Eileen Rowand, Executive Director, Finance and Corporate Services  
Elaine Muir, Head of Finance  
Pamela Redpath, Service Manager, Audit and Risk Management  
Councillor Dave Dempsey, Chair of the Standards, Audit and Risk  
Committee

# EXECUTIVE SUMMARY

## 1. INTRODUCTION

- 1.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published initially in April 2013 and updated most recently in March 2017, apply to all internal audit service providers in the UK public sector, whether in-house, provided via a shared service arrangement or outsourced. To supplement the PSIAS and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019.
- 1.2 The objectives of the PSIAS are to define the nature of internal auditing within the UK public sector; set a basic principle for carrying out internal audit; establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; establish the basis for the evaluation of internal audit performance and drive improvement planning.
- 1.3 The PSIAS require the Chief Audit Executive (the Service Manager, Audit and Risk Management in Fife Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's (Internal Audit Service in Fife Council) conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 1.4 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. This approach not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally. The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process. Aberdeenshire Council was selected to carry out the external assessment in Fife Council.
- 1.5 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma. The external assessment of Fife Council's Internal Audit Service has been carried out by Aberdeenshire Council's Internal Audit Service utilising this framework.
- 1.6 This report provides a high level summary of requirements for each standard per the PSIAS and CIPFA Local Government Application Note and sets out the findings, conclusions and recommendations from the external assessment, which involved discussions with key members of staff, including the Chief Audit Executive, review of the most recent self-assessment carried out utilising the EQA Checklist and consideration of other relevant supporting documentation / information (Evidence Pack) including working paper files and completed stakeholder questionnaires. A comprehensive list of supporting documentation / information and completed stakeholder questionnaires considered as part of the assessment can be found at appendices B and C respectively.



























































































SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 MARCH 2023)							
Client – Subject Report Issue Date	Report No.	Rec. No.	Priority 1=Critical 2=Substantial 3=Moderate	Original Due Date	Revised Due Date	Progress	Management Update (if less than 100% complete)
Education & Children's Services Payroll Processing 10/10/22	89	1	2	31/12/22	31/12/23	50%	This relates to the Service ensuring that all managers demonstrate that their establishment in Oracle Cloud has recently been confirmed as accurate.  The Service does monitor establishment against budget but is awaiting the new Corporate process before making further improvements.
		2	2	31/10/22	N/A	100%	
Environment & Building Services Replacement Bathroom & Shower Installations Framework Review 21/03/22	CF18	1	3	01/04/22	N/A	100%	
		2	2	01/04/22	N/A	100%	
		3	2	01/04/22	N/A	100%	
Communities Scottish Welfare Fund – Crisis Grant Investigation 07/06/22	CF19	1	2	30/09/22	N/A	100%	
		2	2	30/09/22	N/A	100%	
		3	3	30/06/22	N/A	100%	
		4	2	30/06/22	N/A	100%	
		5	2	31/07/22	N/A	100%	
Finance & Corporate – Revenue & Commercial Services – Share Service Centre	90	1	2	31/03/23	N/A	100%	
		2	2	31/03/23	N/A	100%	
		3	3	31/03/23	30/06/23	0%	This recommendation relates to training records for staff dealing with payroll reconciliations being brought up to date and

SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 MARCH 2023)							
Client – Subject Report Issue Date	Report No.	Rec. No.	Priority 1=Critical 2=Substantial 3=Moderate	Original Due Date	Revised Due Date	Progress	Management Update (if less than 100% complete)
Bank & Suspense Account Reconciliations – Payroll 06/02/23							maintained.  Individual training plans will be completed and recorded following the completion of year end payroll processes.
		4	2	31/03/23	N/A	100%	
		5	2	31/03/23	N/A	100%	
Finance & Corporate Services – Accounts Payable  Procure 2 Pay – Recurring Payments 07/02/23	91	1	3	Implemented	N/A	100%	
		2	2	Implemented	N/A	100%	
Education Purchasing Cards 07/02/23	92	1	2	28/02/23	N/A	100%	
		2	3	31/03/23	N/A	100%	
		4	3	28/02/23	N/A	100%	
		5	2	28/02/23	N/A	100%	
		7	2	28/02/23	N/A	100%	
		8	2	28/02/23	N/A	100%	
		9	3	28/02/23	N/A	100%	
		10	3	28/02/23	N/A	100%	
		11	3	28/02/23	N/A	100%	
Enterprise &	01/22	1	2	31/03/23	N/A	100%	

SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 MARCH 2023)							
Client – Subject Report Issue Date	Report No.	Rec. No.	Priority 1=Critical 2=Substantial 3=Moderate	Original Due Date	Revised Due Date	Progress	Management Update (if less than 100% complete)
Environment – Property Services Vacant Non- Housing Properties 21/12/22		2	2	31/03/23	N/A	100%	
		3	2	31/03/23	31/10/23	50%	This relates to Property Services reminding client services of the requirement for formal recording of recommendations and decisions taken to vacate properties and to seek a copy of that record.  A revised Accommodation Change Request form (ACR) has been produced and a series of meetings will be held with Managers on asset responsibilities.
		4	2	31/03/23	N/A	100%	
		5	2	31/03/23	N/A	100%	
		6	2	31/03/23	N/A	100%	
		7	2	31/03/23	N/A	100%	
		8	2	31/03/23	N/A	100%	
		9	2	31/03/23	31/10/23	50%	This relates to contractual arrangements for inspection and protection of vacant properties containing detailed specifications and that they should be formally concluded.  A new security service tender has still to be concluded.
Communities – Customer & Online Services –	02/22	1	3	31/03/23	N/A	100%	
		2	3	31/03/23	N/A	100%	

SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 MARCH 2023)							
Client – Subject Report Issue Date	Report No.	Rec. No.	Priority 1=Critical 2=Substantial 3=Moderate	Original Due Date	Revised Due Date	Progress	Management Update (if less than 100% complete)
Customer Services Team Tell Us Once 23/12/22		3	3	31/01/23	N/A	100%	
		4	3	31/01/23	N/A	100%	
		5	3	31/01/23	N/A	100%	
Education & Childrens Services, Finance & Corporate Services and BTS Asset Management – Digital Devices 23/12/22	03/22	1	3	31/12/22	N/A	100%	
		2	2	31/12/22	N/A	100%	
		3	2	31/03/23	N/A	100%	
		4	3	31/12/22	N/A	100%	
		5	3	31/12/22	N/A	100%	
		6	3	31/03/23	N/A	100%	
Finance & Corporate Services and BTS Information Security Management 02/02/23	04/22	3	3	Implemented	N/A	100%	
		4	3	Implemented	N/A	100%	
Communities – Housing Service Gas Safety Checks 15/03/23	07/22	10	2	Implemented	N/A	100%	

25 May, 2023

Agenda Item No. 7

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## 2023/24 Internal Audit Plan

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**Report by:** Pamela Redpath, Service Manager, Audit & Risk Management Services

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**Wards Affected:** All

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### Purpose

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To submit to the Standards, Audit and Risk Committee the Internal Audit Plan for the 2023/24 financial year, the outcome from the review of the 2022/23 Internal Audit Plan and an update on progress made towards delivering planned assignments.

### Recommendation(s)

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Standards, Audit and Risk Committee is asked to:

1. Review and approve the 2023/24 Internal Audit Plan as detailed at Appendix A.
2. Review and approve the amendments made to the 2022/23 Internal Audit Plan.
3. Note the update on progress made towards delivering the 2022/23 Internal Audit Plan, and last assignment from the 2021/22 Internal Audit Plan at Appendix B.

### Resource Implications

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This Internal Audit Plan has been developed within the resources agreed in the revenue budget for Audit Services. There are no other resource implications.

### Legal & Risk Implications

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The Internal Audit Plan is designed to review the areas of highest risk, considering results from previous years' audit reviews.

Audit Services is required to cover sufficient areas of the Council's activities / risks to allow the Service Manager, Audit and Risk Management Services to provide an overall annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

### Impact Assessment

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An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

### Consultation

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The Chief Executive, Executive Director of Finance and Corporate Services, the Council Executive Team, Head of Finance and the Convener of the Standards, Audit and Risk Committee have been consulted on the content of this report.

## 1.0 2023/24 Internal Audit Plan

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- 1.1 The Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013 and revised most recently in April 2017, set out the requirements in respect of professional standards for all internal audit service providers within the public sector. The key standards within the PSIAS that relate to the preparation of the Internal Audit Plan are as follows:
- Standard 2010 - Planning, which states that *“the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”*.
  - Standard 2020 - Communication and Approval, which states that *“the chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations”*.
- 1.2 In practice within Fife Council, a risk-based plan for the organisation, outlining the planned programme of work to be undertaken is developed annually by Audit Services. Due to the environment in which local government operates and the potential corresponding challenges, the plan requires to be sufficiently flexible enough to enable it to respond to changes in the organisation’s risks and priorities when they present themselves.
- 1.3 In developing the plan, the risk management framework, including the risk maturity of the organisation and existing risk registers are taken into consideration. The Service Manager, Audit and Risk Management Services also carries out a supplementary stakeholder consultation exercise, whereby input from key officers and Elected Members is considered. In line with last year, to demonstrate that that 2023/24 Internal Audit Plan is risk based, individual assignments have been cross-referenced to risks within the Council’s Strategic Risk Register, using corresponding risk codes and inherent risk scores.
- 1.4 Whilst the Council is responsible for establishing and maintaining an appropriate framework of governance, risk management and control, a fundamental role of Audit Services is to provide Elected Members and senior management with independent and objective assurance surrounding those arrangements, whilst at the same time adding value and supporting improvement.
- 1.5 The Service Manager, Audit and Risk Management Services is required to provide an overall annual opinion on the adequacy and effectiveness of the Council’s framework of governance, risk management and control. With that in mind, the Internal Audit Plan should include a work programme that is sufficient and diverse enough to enable that opinion to be suitably informed. The annual opinion is included within the Internal Audit Annual Report submitted to Standards, Audit and Risk Committee.
- 1.6 Key components of the internal audit planning process include having a clear understanding of the Council’s functions / activities, associated risks and range and breadth of potential areas for auditing. This is known as establishing the Audit Universe. The Council’s high level Audit Universe can be found at Appendix C. The planning process is also informed by developments at both a national and local level as well as other relevant background information contained, for example, within relevant Accounts Commission / Audit Scotland overview reports / financial bulletins, Council risk registers and relevant reports presented to committee.



- 1.7 To capture potential areas of risk and uncertainty, including emerging risks, key stakeholders have been consulted. The stakeholder consultation exercise included detailed discussions with all Directorate Leadership Teams, the BTS Management Team, the Risk Management Team Leader and other key stakeholders such as Azets, the Council's appointed external auditor. Standards, Audit and Risk Committee Elected Members, including the Chair, were also consulted. In total, of the order of 90 key stakeholders were consulted as part of the 2023/24 planning process.
- 1.8 The proposed portfolio of work to be included within the 2023/24 Internal Audit Plan is summarised at Appendix A. Proposed reviews have been grouped together into key themes that are integral to the assurance gathering process across the Council's activities. For each of the reviews included within the plan there is a high-level summary of the proposed coverage and inherent risk rating, currently informed by the Council's Strategic Risk Register. This methodology will evolve as the Council's risk management arrangements continue to mature. It is anticipated that there will be internal controls in place to mitigate those risks, however, the level of controls and reliance that can be placed on them cannot be confirmed until the audit assignments have been undertaken. The proposed coverage has, in the main, been compiled based on discussions with stakeholders and review of relevant background information gathered as part of the audit planning process. In line with standard working practices, a more detailed Terms of Reference, containing background information, scope and specific objectives will be compiled for each assignment and agreed with the client prior to commencement of the audit fieldwork.
- 1.9 The nature and scope of internal audit work continues to be diverse and wide-ranging, and therefore, a varied portfolio of professional skills and technical competencies is required to successfully deliver the plan. It is difficult to ensure the continued provision of all necessary skills in an in-house team. To help address the skills and competencies gap relating to more technical IT audits, Audit Services has procured this resource from another Scottish local authority.
- 1.10 For the 2023/24 financial year, the total productive days available for audit work will, in line with last year, be of the order of 2100 days. Approximately 80% of those productive days will be assigned to reviews that will commence during 2023/24 and the balance will be allocated across several other activities, including the provision of advice and guidance, undertaking formal follow-up reviews and finalising prior year work that is ongoing / nearing completion. It should be noted, however, that whilst the 2023/24 Internal Audit Plan, including the estimated resources, has been prepared utilising the best information currently available, it is possible that it will require to be amended during the financial year to reflect changing risks, priorities and resource availability. As required under the PSIAS, any significant changes to the planned programme of work will be reported to the Standards, Audit and Risk Committee. The Chief Executive, Executive Director of Finance and Corporate Services and the Head of Finance will also be kept informed of developments regarding internal audit by the Service Manager, Audit and Risk Management Services through regular meetings.

## **2.0 2022/23 Internal Audit Plan – Continuous Review**

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- 2.1 In line with standard working practices, delivery of individual assignments within the 2022/23 Internal Audit Plan is considered on an ongoing basis in conjunction with directorates / services. The reasons for this are two-fold, ensuring assignments are prioritised for delivery when most convenient / beneficial and ensuring that the Council continues to utilise its available internal audit resource efficiently and effectively.

2.2 Discussions surrounding individual assignments within the 2022/23 Internal Audit Plan, along with associated risks, and whether they continue to be relevant have taken place throughout the year, including during the 2023/24 Internal Audit Plan stakeholder consultation process. Proposed amendments to the 2022/23 Internal Audit Plan, along with corresponding reasons, are detailed in the table below:

2022/23 Audit	Outcome	Reason
<b>Transition Arrangements</b>	Defer / reconsider 2024/25	Duplication - overlapping scope with national GIRFE work.
<b>Operator Licensing</b>	Remove	Duplication - Logistics UK deliver compliance / quality monitoring checks.
<b>Plan for Fife</b>	Carry forward to 2023/24	Timing - 3 year renew and refresh due in 2023/24.
<b>Project Management</b>	Carry forward to 2023/24	Timing - arrangements in process of being developed.
<b>Adelante</b>	Carry forward to 2023/24	Timing – Adelante system implementation May 23.
<b>Fraud Governance</b>	Carry forward to 2023/24	Timing - arrangements in process of being developed.
<b>Liquidlogic</b>	Carry forward to 2023/24	Timing - Liquidlogic system implementation June 23.
<b>Care in the Home</b>	Carry forward to 2023/24	Timing - Liquidlogic system implementation June 23.
<b>Financial Assessments</b>	Carry forward to 2023/24	Timing - Liquidlogic system implementation June 23.
<b>Procurement Cards</b>	Carry forward to 2023/24	Timing - new procurement card arrangements to be implemented shortly.
<b>Purchase Ordering</b>	Carry forward to 2023/24	Timing - BMIU looking at potential improvements.
<b>Partnership Working</b>	Carry forward to 2023/24	Internal Audit Resource.
<b>Devolved School Management (DSM)</b>	Carry forward to 2023/24	Internal Audit Resource.
<b>FSLT - Income Collection</b>	Remove	Request - replacement FSLT audit requested.
<b>FSLT - Imprests and Cash</b>	Remove	Request - replacement FSLT audit requested.
<b>External Quality Assessment Process</b>	Carry forward to 2023/24	Request - request to deliver in 2023/24.

### 3.0 2022/23 Internal Audit Plan - Progress Report

3.1 Standard 2060 of the PSIAS entitled Reporting to Senior Management and the Board states that *“the chief audit executive must report periodically to senior management and the board on...performance relative to its plan”* and that *“reporting and communication to senior management and the board must include information about the audit plan and progress against the plan”*. In addition, Standard 1110 of the PSIAS entitled Organisational Independence supports this requirement, stating that *“examples of functional reporting to the board involve the board receiving communications from the chief audit executive on the internal audit activity’s performance relative to its plan”*.

- 3.2 At a senior management level, this requirement is discharged by the Service Manager, Audit and Risk Management Services through established direct reporting channels to the Chief Executive, Executive Director of Finance and Corporate Services, Head of Finance (to whom the Service Manager, Audit and Risk Management Services reports administratively), Council Executive Team and the Finance Management Team. This is the third report submitted to Standards, Audit and Risk committee providing a progress update against individual assignments within the 2022/23 Internal Audit Plan. A progress update has also been provided for the one ongoing 2021/22 assignment on Repairs and Maintenance. See Appendix B.

## 4.0 Conclusions

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- 4.1 The 2023/24 Internal Audit Plan (Appendix A) has been compiled following a comprehensive internal audit planning exercise, including a stakeholder consultation exercise involving of the order of 90 key individuals and consideration of relevant background information.
- 4.2 The Internal Audit Plan requires to be sufficiently flexible enough to enable it to respond to changes in the organisation's risks and priorities when they present themselves and, consequently, will be kept under continuous review. Any significant changes to the planned programme of work will be reported back to the Standards, Audit and Risk Committee.
- 4.3 There have been some amendments proposed to the 2022/23 Internal Audit Plan and the specific reasons for those changes have been detailed in the report. Some of the outstanding audits continue to be relevant and have been carried forward accordingly into the 2023/24 Internal Audit Plan.
- 4.4 An update on the progress towards delivering the 2022/23 Internal Audit Plan has also been provided in the report, along with an update on the one assignment that is ongoing from the 2021/22 Internal Audit Plan (Appendix B). In line with normal working practices, progress updates will continue to be submitted to the Standards, Audit and Risk Committee.

### List of Appendices

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- A. 2023/24 Internal Audit Plan
- B. 2021/22 and 2022/23 Internal Audit Plan - Progress Report
- C. High-level Audit Universe

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## 2023/24 Internal Audit Plan

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Inherent Risk / Risk Code
<b>Governance Reviews</b>		
Plan for Fife*	Review of the governance arrangements in place to support delivery of the new Plan for Fife, including performance management and reporting arrangements.	High All risks
Project Management*	Review of the Council's project management arrangements to ensure the efficient and effective planning, initiation, delivery, monitoring and evaluation of the key capital and revenue projects.	High All risks
Partnership Working*	High level review of the governance arrangements, including resource contribution policies, in place for partnerships with other local authorities to deliver a shared vision.	High All risks
Fraud Governance*	To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these	High All risks
Corporate Governance	Review of governance assurance arrangements in place at a corporate and directorate level, including ALEO assurance, against CIPFA's Delivering Good Governance in Local Government Framework.	High All risks
Risk Management	High level review of the Council's risk management arrangements at a corporate and service level against recognised good practice.	High All risks
Third Sector Funding	High level review of the Council's funding and governance arrangements in place for third sector against best practice principles, including the Accounts Commission's Following the Public Pound.	High All risks
<b>ICT Reviews</b>		
Adelante*	Review of the new cash receipting system, Adelante. Coverage to be agreed during 2023/24 once the system is fully implemented.	High FC001 FC012
Liquidlogic*	Review to assess the effectiveness of the deployment of the new children and adults case management system procured by the Council.	High FC001 FC011
User Access Levels	High level review of the appropriateness of user access levels and associated permissions for a sample of the Council's critical IT systems.	High All risks
Data Centre	Review of the arrangements in place to ensure uninterrupted service delivery at the new data centre, including security arrangements, environmental controls, incident management and disaster recovery.	Medium FC001





































