

# Audit Scotland

Internal Audit Plan  
2023/24

+ March 2023





Section	Page number
Introduction	3
Operational Plan 2023/24	4
Appendices:	
A. Summary of Internal Audit Input	12
B. Grading Structure	14
C. Key Performance Indicators	15
D. Training Topics	16



## Background

Wylie & Bisset LLP were appointed as Internal Auditors of Audit Scotland (“the Organisation”) for a period of 3 years to 31 March 2025 with the option to extend for a further year.

## Internal Audit

The prime responsibility of the Internal Audit Service (“IAS”) is to provide Audit Scotland with an objective assessment of the adequacy and effectiveness of management’s internal control systems.

The IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the Organisation. Our approach, as set out in the Firm’s Internal Audit Manual, is to help Audit Scotland by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Also, the operation and conduct of the IAS must comply with the standards and guidelines set down by the Institute of Internal Auditors.

## Terms of Reference – Internal Audit

The provision of the IAS by Wylie & Bisset LLP is covered by the letter of engagement dated 27 April 2022.

## Preparation of Internal Audit Plan 2023/24

This Plan was developed following discussions with the Organisation’s Director: Corporate Support. We note that following our discussions that it was agreed to change to the IT Administration audit to focus on the Cyber Incident Response Plan. This was the only change to the original Internal Audit Plan.

## Formal Approval

The Audit Needs Assessment was presented to the Audit Committee for approval on 1 June 2022. This document covers the Plan for 2023/24 and will be submitted to the Audit Committee for approval on 16 May 2023.



# Operational Plan

2023/24



Audit area	High level indicative summary scope	Total number of days
Performance Audits and Best Value Audits	<p>The purpose of this review is to assess the suitability of the arrangements in place surrounding the Performance Audits and Best Value Audits.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ There is a clearly documented process in place for Performance Audits and Best Value Audits.</li> <li>➤ The methodology in place is clear and being followed consistently.</li> <li>➤ There are appropriate monitoring arrangements in place surrounding this area.</li> <li>➤ There are appropriate reporting arrangements in place for Performance Audits and Best Value Audits.</li> </ul>	7
GDPR	<p>The purpose of this review is to ensure that the Organisation is complying with the requirements of the General Data Protection Regulation which came into force from May 2018. We will undertake a review of the processes in place to ensure compliance. Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ The Organisation is holding and managing its personal data in line with the General Data Protection Regulation (GDPR).</li> <li>➤ The Organisation has a robust Data Protection (GDPR) Policy and Procedure in place which covers all elements of data protection.</li> <li>➤ The Organisation has documented plans in place to address any remaining areas of non-compliance.</li> <li>➤ There is sufficient reporting in place with regards to the Organisation’s ongoing compliance with the GDPR and potential breaches.</li> <li>➤ The Organisation has provided training on GDPR to its staff and management.</li> </ul>	6

# Procurement and Appointment of Appointed Auditors and Contract Management Reviews



Audit area	High level indicative summary scope	Total number of days
Procurement and Appointment of Appointed Auditors	<p>The purpose of this review is to ensure that there are appropriate controls in place surrounding the procurement process for the appointment of appointed auditors. Our review will cover the entire process for determining which audits will be procured and the process for procuring for appointed auditors.</p> <p>Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ There are appropriate policies and procedures in place for the procurement of appointed auditors.</li> <li>➤ The current procurement arrangements are fit for purpose and being consistently followed by staff, leading to value being achieved in this area.</li> <li>➤ There is a clear process for identifying procurement needs.</li> <li>➤ There are sufficiently robust processes for appraising options and contracting with auditors, which are followed by staff.</li> <li>➤ There are agreed contracts in place with appointed auditors.</li> </ul>	7
Contract Management	<p>The purpose of this assignment is to review the contract management framework and arrangements in place within the Organisation to monitor supplier performance and ensure contracts are successfully executed. Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ The Organisation has arrangements in place to monitor the performance of key suppliers.</li> <li>➤ Roles and Responsibilities for contract management are clearly defined.</li> <li>➤ Contracts are in place for key suppliers which detail the expected level of performance.</li> <li>➤ Supplier activity is monitored against Service Level Agreements and Key Performance Indicators and action taken to address poor performance.</li> <li>➤ Regular Reporting of supplier performance is in place to aid decision making.</li> <li>➤ Anticipated savings from contracts are being realised.</li> <li>➤ Contract management arrangements for audit appointments are appropriate and are being monitored.</li> </ul>	6



Audit area	High level indicative summary scope	Total number of days
Overall Financial Controls	<p>We will undertake a high-level controls review across all key financial control systems. This will include a review of processes relating to purchasing, income, cash and banking, payroll and fixed assets. Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ Efficient and effective procedures and controls are in place for key finance processes.</li> <li>➤ Adequate segregation of duties are in place.</li> <li>➤ There is adequate management oversight of finance processes.</li> </ul>	7
Cyber Incident Response Plan	<p>We will undertake a review of the arrangements in place for the implementation of the Cyber Incident Response Plan. Our review will consider whether this follows best practice and whether there has been proper communication throughout the process. Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ There were appropriate arrangements in place surrounding the implementation process which were documented and followed.</li> <li>➤ There is an appropriate Cyber Incident Response Plan in place which is aligned with best practice.</li> <li>➤ The Cyber Incident Response Plan has been approved by Senior Management and has been properly communicated to the Organisation.</li> <li>➤ There is appropriate training for the preparation and management of recovering form a cyber attack if this occurs.</li> </ul>	6



Audit area	High level indicative summary scope	Total number of days
Strategic Planning	<p>We will undertake a review of the strategic planning arrangements in place with consideration of compliance with regulatory guidance. We will also look to ensure that the Board were fully involved in the development of the Strategic Plan. We will review the methods in place to monitor the progress of the Strategic Plan and the reporting arrangements in place to ensure that the Board receive regular updates. Our objectives for this review are to ensure that:</p> <ul style="list-style-type: none"> <li>➤ The Organisation has robust planning processes in place to develop the Strategic Plan.</li> <li>➤ The Organisation regularly reviews and monitors the Strategic Plan.</li> <li>➤ The Board were fully involved in the development of the Strategic Plan and receive regular updates on the progress of the Plan.</li> </ul>	6
Follow Up	<p>The purpose of this review is to assess whether the Organisation has appropriately implemented the internal audit recommendations made in 2022/23 and earlier years. Our review will consider whether any issues are outstanding beyond the agreed implementation deadline.</p> <p>Our review will consider all outstanding recommendations to provide the Audit Committee with independent assurance that we are satisfied that these recommendations have been fully implemented by the Organisation and can therefore be removed from the audit action plan.</p> <p>Our objective for this review is to ensure that:</p> <ul style="list-style-type: none"> <li>➤ The Organisation has appropriately implemented any outstanding internal audit recommendations made in prior years.</li> </ul>	5



## Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the Organisation.

## Key Dates

Visit	Name	No. of audit days	Key Organisation personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit Committee
1	Performance Audits and Best Value Audits	7	Paul O'Brien Mark McPherson Gill Miller	17 July 2023	4 August 2023	5 September 2023
	GDPR	6	Gayle Fitzpatrick			
2	Procurement and Appointment of Appointed Auditors	7	Elaine Owen	18 September 2023	6 October 2023	14 November 2023
	Contract Management	6	tbc			

See next page.

## Key Dates Continued

Visit	Name	No. of audit days	Key Organisation personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit Committee
3	Overall Financial Controls	7	tbc	16 October 2023	3 November 2023	tbc
4	Cyber Incident Response Plan	6	David R Nicola P	13 November 2023	1 December 2023	tbc
5	Strategic Planning	6	tbc	February 2024	February 2024	tbc
	Follow Up	5	Gayle Fitzpatrick			



# Appendices

- A – Summary of Internal Audit Input
- B – Grading Structure
- C – Key Performance Indicators
- D – Training Topics

# A – Summary of Internal Audit Input



1 April 2022 to 31 March 2025		Operating Plan (No. Of days)		
System	Audit Area	2022/23	2023/24	2024/25
Financial	Financial Planning	7		
	Overall Financial Controls		7	
	Procurement			7
Non-Financial	Green Futures	6		
	Hybrid Working	6		
	Review of suitability of Business Management System	7		
	Contract Management		6	
	Procurement and appointment of appointed auditors		7	
	GDPR		6	
	Business Continuity Planning			7
	Stakeholder Engagement			6
	Performance Audits & Best Value Audits (Methodology)		7	
	<b>Carried Forward</b>	<b>26</b>	<b>33</b>	<b>20</b>

# A – Summary of Internal Audit Input



1 April 2022 to 31 March 2025		Operating Plan (No. Of days)		
System	Audit Area	2022/23	2023/24	2024/25
	<b>Carried Forward</b>	<b>26</b>	<b>33</b>	<b>20</b>
	Strategic Planning		6	
	Learning & Development			6
	Staff Wellbeing			7
	Workforce Planning	6		
	Digital Strategy	7		
	Cyber Incident Response Plan		6	
	Risk Management	6		
	Performance Management			6
	Corporate Governance			6
Required	Follow Up	5	5	5
	Audit Management	5	5	5
	<b>Total Days</b>	<b>55</b>	<b>55</b>	<b>55</b>

For each area of review, we assign a grading in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, some minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

For each recommendation, we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Grading	Risk	Classification
High	High Risk	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by Senior Management of the Organisation as a matter of urgency
Medium	Medium Risk	Significant issue or weakness which should be addressed by the Organisation as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

For each area of review, we assign a grading in accordance with the following classification:

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 working days before each start date	100%
Draft reports issued within 10 working days of exit meeting	100%
Management provide responses to draft reports within 15 working days of receipt of draft reports	100%
Final reports issued within 5 working days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided by 30 April each year	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%

As a firm we offer a wide range of training topics to our clients and we have listed below some of the topics which we would be able to offer Audit Scotland.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and Board members to the risk management process.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the organisation and the added value which we would bring.
Finance for Non-Financials	This is useful for Board members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.





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