Aberdeen City Council
Public Records (Scotland) Act -Phase I

Internal Audit Report
2014/2015 for Aberdeen
City Council

September 2014

	Target Dates per agreed Internal Audit Charter	Actual Dates	Red/Amber/Green and commentary where applicable
Terms or reference agreed 4 weeks prior to fieldwork	08 July 2014	24 July 2014	**Red** – due to annual leave
Planned fieldwork start date	05 August 2014	05 August 2014	Green
Fieldwork completion date	11 August 2014	11 August 2014	Green
Draft report issued for Management comment	26 August 2014	26 August 2014	Green
Management Comments received	09 September 2014	09 September 2014 17 September 2014	Green (Initial comments received on time, follow up required)
Report finalised	24 September 2014	23 September 2014	Green
Submitted to Audit and Risk Committee	20 November 2014	20 November 2014	Green

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Contents

1. Executive Summary

Report classification	Total number of findings		Section 3 →		
		Critical	**High**	**Medium**	**Low**	**Advisory**
	Control design	-	-	1	-	-
Low Risk	Operating effectiveness	-	-	-	-	-
	Total	-	-	**1**	-	-
	Responsible Director: Director of Corporate Governance					
	Project Sponsor: Community Planning & Corporate Performance Manager					

Summary of findings

1.01   The Public Records (Scotland) Act 2011 requires Local Authorities to prepare and implement a records management plan (RMP) which sets out proper arrangements for the management of records. Aberdeen City Council is required to submit the plan to the Keeper of the Records of Scotland in November 2014. A model plan which includes 14 elements has been developed by the "Keeper" to illustrate best practice. The Council is required to include all 14 elements within the submission or confirm that the element is not applicable, providing an explanation for the omission.

1.02   The review is split into two phases. The scope of the first phase was to compare the tasks listed in the RMP Business plan to the requirements detailed in the model plan guidance. For tasks marked as "complete" we have assessed these against best practice and confirmed that there is evidence to support their completion, for example appropriate policies and procedures are in place. For details of the evidence reviewed please refer to appendix 1 "RMP Business Plan". For tasks marked as "un-completed" we have assessed whether the intended actions meet best practice. The outcome of this phase highlights to management the steps which are required to be actioned to ensure a plan, compliant with best practice, can be submitted to the Keeper in November 2014.

1.03   A second phase of the review is scheduled for early 2015 and will assess management's plans for monitoring the policies and procedures in place, and seeking assurance that the plan is embedded throughout the Council.

1.04   Through our discussions with staff and review of the evidence provided we have concluded that 5 of the 14 elements in the RMP Business Plan meet best practice, or will meet best practice following the formal approval of newly drafted or updated policies and procedures.

1.05   The remaining 9 elements require further action to ensure that the Council is able to provide appropriate evidence that these meet best practice by the submission deadline. A medium risk finding has been raised in relation to this. The 9 elements requiring further action are:

- Senior Management Responsibility
- Records Management Policy Statement
- Business Classification
- Retention Schedules
- Destruction arrangements
- Archiving and transferring arrangements
- Information Security
- Audit Trail
- Assessment and Review

For full details of the actions required please refer to Section 3, Detailed Findings and Recommendations. Please refer to Appendix 1 for a summary assessment of our findings mapped against the tasks included in the RMP Business Plan.

Management comments

This first phase of internal audit for 2014/2015 has provided management with assurances that the Council has identified appropriate actions and timelines to ensure a compliant submission is made in November 2014 as part of their statutory duty under the Public Records (Scotland) Act 2011. The mechanism of internal review and assessment has been a useful exercise and will be further developed in the future as an annual activity. This will ensure the Council continues to manage their information and records in a way that provides evidence that it has a full understanding and effective controls in place.

2. Detailed findings and recommendations

2.01 Actions required to complete the Records Management Plan– Control design

Finding

The following elements of the model plane should to be addressed to allow the Council to submit a fully compliant Records Management Plan (RMP) to the Keeper of Records in November 2014:

- (1) Senior Management Responsibilities – the following actions should be addressed:
  - Produce documented evidence that that the SIRO accepts responsibility for the RMP. This could be achieved by providing a covering letter signed by the SIRO. The covering letter should also clarify that the SIRO endorses the Council's record management policy;
  - Update the CMT agenda to evidence that the SIRO will report to senior management on a regular basis;
  - Update the Information Management Strategy to reflect the revised corporate governance/ assurance framework and include Policy/Strategy/improvement programmes for specialist domains; and
  - Update the Records Management Policy so it is aligned to the IM Strategy and Information Records Lifecycle Management domain.

- (3) Records Management Policy Statement –
  - The following procedures which support the Records Management Policy should be developed:
    - Metadata guidelines
    - Collecting / preservation guidelines
  - Convert or migrate electronic records from one system to another

  - The draft Records Management Policy Statement should be updated to contain or make reference to the following elements:
    - A statement of how ACC will ensure that its records remain accessible, authentic, reliable and useable through organisational or system change;
    - A description of how metadata is created and maintained for electronic records;

- A description of the collection / preservation arrangements for records in all formats; and
- A description of how records management issues will be communication throughout the organisation and confirmation that there will be regular reporting to governance bodies.

- (4) Business Classification - the Business Classification Scheme (BCS) should be finalised and approved.

- (5) Retention Schedules - the corporate retention schedule should be finalised and approved.

- (6) Destruction Arrangements – the destruction schedule procedures and a standard template for use within the services should be developed. This should include the procedures for maintaining destruction certificates.

- (7) Archiving and transfer arrangement - the "collecting and preservation of records" policy should be drafted, finalised and approved.

- (8) Information Security- documented policies and/ or procedures detailing the process for ensuring the security and integrity of hard copy records held in archive/ corporate storage should be drafted, finalised and approved.

- (11) Audit Trail - business file plans which provide a record of the location, ownership, access and disposal of records within each service should be rolled out across the Council. This is expected to commence in September 2014.

- (13) Assessment and Review - specific procedures for on-going assessment of the plan and its effectiveness across the Council should be drafted and finalised. It is noted that this may include future reviews by Internal Audit.

Risks

There is a risk that an incomplete RFP is submitted to the Keeper of Records.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	The actions noted above should be addressed prior to submitting the RMP to the Keeper of Records in November 2014.	Records Manager
		Target date:
		November 2014

Appendix 1 – Background and scope

Background

2.01 The Public Records (Scotland) Act 2011 requires Local Authorities to prepare and implement a records management plan (RMP) which sets out proper arrangements for the management of records. Aberdeen City Council is required to submit the plan to the Keeper of the Records of Scotland in November 2014.

2.02 A model plan which includes 14 elements has been developed by the "Keeper" to illustrate best practice. The Council is required to include all 14 elements within the submission or confirm that the element is not applicable, providing an explanation for the omission. The 14 elements, included within the model plan, are as follows:

1. Senior management responsibility
2. Records manager responsibility
3. Records management policy statement
4. Business classification
5. Retention schedules
6. Destruction arrangements
7. Archiving and transfer arrangements
8. Information security
9. Data protection
10. Business continuity and vital records
11. Audit trail
12. Competency framework for records management staff
13. Assessment and review
14. Shared information

2.03 As per the "assessment and review" element it is required that the operating effectiveness of the plan is assessed after implementation. To ensure this can be achieved management must develop an appropriate programme of controls testing. In preparation for completing of the RMP, a business plan has been produced by the Records Manager.

Scope and limitations of scope

2.04 The detailed scope of this review is set out in Appendix 3. We have undertaken a review of the design of the Council's Record's Management Business Plan.

2.05 See agreed terms of reference at Appendix 4.

Appendix 2 – RMP Business Plan

Management have developed a RMP Business Plan to organise and priorities the work related to the implementation of the Public Records Act. To ensure the findings included in section 3 can be easily mapped to the on-going work we have provided a summary assessment of our findings against the plan.

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
1. Senior Management responsibility Section 1(2)(a)(i) of the Act					
1.01	Senior post-holder - SIRO - to take overall responsibility for coordination, monitoring & reporting on all information management domains	✓	Completed	We understand that the current Senior Information Risk Owner (SIRO) is to have overall responsibility for the RMP.	
1.02	Evidence that SIRO has the support of that authority's senior management team (CMT)		To action		See detailed finding 3.01
1.03	Information Management Strategy requires updating to reflect revised corporate governance and assurance framework		In progress	Draft Information Management Strategy	See detailed finding 3.01
1.04	Information Management Strategy specialist domains require Policy/Strategy/improvement programmes		In progress	Draft Information Management Strategy	See detailed finding 3.01
1.05	Revise Records Management Policy aligned to IM Strategy and Information, Records Lifecycle Management domain		In progress	Draft Records Management Policy	See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
2. Records Manager responsibility Section 1(2)(a)(ii) of the Act					
2.02	A designated member of staff of appropriate seniority to have lead responsibility for records management within the authority. This lead role should be formally acknowledged and made known throughout the authority	✓	Completed	Records Manager job profile Draft Records Management Policy	
2.03	The records management plan (RMP) submitted for agreement with the Keeper confirms that an individual (or individuals) * has been appointed to have overall day-to-day responsibility for the implementation of the authority's RMP	✓	Completed	Confirmed that the records manager is to be responsible individual. Records Manager job profile	
3. Records Management Policy/Strategy					
3.01	The policy should be clear that the authority understands what is required to operate an effective records management system which embraces records in all formats	✓	Completed	Draft Records Management Policy	Considered 'completed' pending approval of the policy.
3.02	The policy statement should demonstrate how the authority aims to ensure that its records remain accessible, authentic, reliable and useable through any organisational or system change.		To action		See detailed finding 3.01.
3.03	The policy/strategy should include guidelines for: - describing how metadata is created and maintained;		To action		See detailed finding 3.01.

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	- converting or migrating electronic records from one system to another.				
3.03a	Produce Metadata Practice and Procedures Guidelines		To action		See detailed finding 3.01.
3.04	The policy/strategy should include details for the collecting/preservation arrangements for records in all formats		To action		See detailed finding 3.01.
3.04a	Produce Practice & Procedure Guidelines (for collecting/preservation)		To action		See detailed finding 3.01.
3.05	The policy should include a description of the mechanism for records management issues being disseminated through the authority and confirmation that regular reporting on these issues is made to the main governance bodies.		To action		See detailed finding 3.01.
3.06a	Naming Conventions Approved	✓	Completed	Managing Our Records Corporate Practice and Procedures	
3.06b	Disposal Arrangements Approved		Completed	Managing Our Records Corporate Practice and Procedures	
3.06c	Version Control Approved	✓	Completed	Managing Our Records Corporate Practice and Procedures	
4. Business Classification/File Plan					
4.01	Create a Business Classification Scheme based on 4.01		In progress	Draft Business Classification Scheme (pdf)	See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
4.01a	Consult stakeholders at SMTs prior to BSC Version 1 Levels 1-3 submission to committee for approval		To action		See detailed finding 3.01
4.02	Create Service core business file plans to inform detail of BCS		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
4.02a	Determining the arrangement of records: retention, disposal, location, access, security, sharing, volume, owner, publishing		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
4.02b	Target service gap file plans amend to align with agreed BCS complete to include common corporate activities		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
4.03a – i	File Plan Implementation Pilot(s) action plan stages		To action	Corporate BCS and File Plan project plan	See detailed finding 3.01
4.04	File Plan Implementation - Corporate Roll Out		To action	Corporate BCS and File Plan project plan	See detailed finding 3.01
5. Retention & Disposal schedule Section 1(2)(b)(iii)					
5.01	Create Records Retention Schedule based on 4.01		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
5.02	Consult stakeholders at SMTs prior to RRS Version 1 submission to Committee for approval		To action		See detailed finding 3.01
5.03	An authority's RMP must demonstrate the principle that retention rules are consistently applied across all of an		To action		See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	authority's record systems.				
5.04	Develop charging system for physical and virtual storage of records		To action		See detailed finding 3.01
6. Destruction Arrangements Section 1(2)(b)(iii)					
6.01	These should demonstrate security precautions appropriate to the sensitivity of the records. Disposal arrangements must also ensure that all copies of a record - wherever stored - are identified and destroyed.		Completed	Managing our Records Corporate Practices and Procedures; Corporate Records Storage and Retrieval Service practice and procedures; ICT Good Practice Guidelines	
6.02	It is very important the list of records sent for destruction is kept. Under the Freedom of Information regime this is the definitive proof that disposal of records is taking place in a controlled manner. As a general principle it is sensible for the records manager, or whoever is designated to control the process, to sign off and date the destruction schedule as proof that the records are no longer in the institution.		To action		See detailed finding 3.01
7. Archiving policy & transfer arrangements Section 1(2)(b)(iii)					
7.01	Create collecting/preservation policy including transfer arrangements		To action		See detailed finding 3.01
8. Information security Section 1(2)(b)(ii)					
8.01	An authority's RMP must include		Completed	Draft Management of	Considered 'completed'

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	evidence that the authority has procedures in place to adequately protect its records.			Information Security Policy	pending approval of the policy.
8.02	Hard copy records scheduled for long term (50 - 100 years) or permanent preservation should be held a controlled environment - temperature/humidity controlled.		To action		See detailed finding 3.01
9. Data Protection Policy					
9.01	Corporate Data Protection Policy	✓	Completed	Corporate Data Protection Policy	
9.02	Information Security responsibilities, breach response procedures policy		Completed	Breach Reporting Procedure; Incident Reporting Procedure	
9.03	State the physical and technical security backed up by robust policies and procedures		Completed	Draft Management of Information Security Policy	Considered 'completed' pending approval of the policy.
10. Business continuity and vital records					
10.01	RMP should indicate arrangements in support of records vital to business continuity. Certain records held by authorities are vital to their function. The RMP will support reasonable procedures for these records to be accessible in the event of an emergency affecting their premises or systems.		Completed	Business Continuity Plan	
10.02	Appropriate business continuity plans		Completed	Business Continuity Plan	
10.03	Prepare a disaster recovery plan		Completed	ICT Business Continuity and	

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
				Disaster Recovery Plan (Schedule part 8.6); Schedules 2.1.1 and 2.1.5 from Atos Data Centre contract detailing disaster recovery & business continuity procedures in place at the data centre.	
10.03a	Test Disaster Recovery Plan		To action		We understand a test of the DR plan is scheduled for November 2014. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission date and therefore not included in finding 3.01
10.04	Some vital records will be identified as part of the Information Audit but it really requires a distinct programme to bring the elements together fully. The objectives are: To define the vital records; to ensure Senior Management buy-in; identify potential hazards; designate appropriate protection methods; select appropriate storage sites and methods; develop operating procedures; bench Test programme procedures.		In progress	Business Continuity Plan	We understand that a testing schedule for the business continuity plans has been developed and further action is still required to ensure full engagement from the business. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
					date and therefore not included in finding 3.01
11. Audit Trail					
11.01	RMP should state how the whereabouts of records are known at all times and movement of files around an electronic system or between physical storage areas and office areas should be logged.		To action		See detailed finding 3.01.
11.02	Create an audit trail for all records		In progress	Corporate BCS and File Plan project plan	See detailed finding 3.01.
11.03	A description of how record retrieval is progressed in an authority should be part of the RMP. This might be a description of a 'paper trail' from retrieval request to return of a document. Alternatively, a description of an electronic tracking process could be included. It is probable that some system is already in place which enables staff to consult files and that this is an auditable system.		In progress	Corporate Records Storage and Retrieval Service Practice and Procedures	See detailed finding 3.01.
11.04	This audit trail information is needed to enable the working of the system to be demonstrated, as well as the progress of information through the system, from receipt to final deletion. Audit trails need to be comprehensive and properly looked after, as without them the integrity and authenticity, and thus the evidential weight, of the information stored in the		In progress	Corporate BCS and File Plan project plan	See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	system could be called into question				
12. Competency framework for records management staff					
12.01	Create a competency framework listing the core competencies and the key knowledge and skills required by a job roles across ACC, including particular evidence in CPD.		In progress	Records Manager job profile	We understand that the job profile for SIRO is to incorporate additional responsibilities and requirements for the RMP. Revised job profile is to be finalised. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission date and therefore not included in finding 3.01
13. Assessment & review procedures - self assessment, peer assessment, sectorial assessment Section 1(5)(i)(a)					
13.01	It is important that an authority's RMP is regularly reviewed to ensure that it remains fit for purpose. It is therefore vital that a mechanism exists for this to happen automatically as part of an authority's internal records management processes.		In progress		See detailed finding 3.01.
13.02	A statement to support the authority's commitment to keep its RMP under review must appear in the RMP detailing		Completed	Policy statement in the draft Records Management Policy.	Considered 'completed' pending approval of the policy.

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	how it will accomplish this task.				
14. Shared Information					
14.01	Corporate Information Sharing policy and procedures including contracts with 3rd parties and ALEOs	✓	Completed	Routine Data Sharing Procedure; Subject Access General Procedure; 3rd Party Request General Procedure; FOI Checklist	
14.02	Corporate Information Sharing Register	✓	To action		At the time of the review we were unable to verify that this action was complete. We understand that the action is in progress by Legal Services. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission date and therefore not included in finding 3.01

Appendix 3 – Basis of our classifications

Individual finding ratings

Finding rating	Assessment rationale
Critical	A finding that could have a: • *Critical* impact on operational performance; or • *Critical* monetary or financial statement impact; or • *Critical* breach in laws and regulations that could result in material fines or consequences*; or* • *Critical* impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • *Significant* impact on operational performance; or • *Significant* monetary or financial statement impact ; or • *Significant* breach in laws and regulations resulting in significant fines and consequences *; or* • *Significant* impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • *Moderate* impact on operational performance; or • *Moderate* monetary or financial statement impact; or • *Moderate* breach in laws and regulations resulting in fines and consequences; or • *Moderate* impact on the reputation or brand of the organisation.
Low	A finding that could have a: • *Minor* impact on the organisation's operational performance; or • *Minor* monetary or financial statement impact; or • *Minor* breach in laws and regulations with limited consequences; or • *Minor* impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification	Points
Low risk	6 points or less
Medium risk	7– 15 points
High risk	16– 39 points
Critical risk	40 points and over

Appendix 4 – Agreed Terms of reference

Background

The Public Records (Scotland) Act 2011 requires Local Authorities to prepare and implement a records management plan (RMP) which sets out proper arrangements for the management of records. Aberdeen City Council is required to submit the plan to the Keeper of the Records of Scotland in November 2014.

A model plan which includes 14 elements has been developed by the "Keeper" to illustrate best practice. The Council is required to include all 14 elements within the submission or confirm that the element is not applicable, providing an explanation for the omission. The 14 elements, included within the model plan, are as follows:

- Senior management responsibility
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- Records management policy statement
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- Information security
- Data protection
- Business continuity and vital records
- Audit trail
- Competency framework for records management staff
- Assessment and review
- Shared information

As per the "assessment and review" element it is required that the operating effectiveness of the plan is assessed after implementation. To ensure this can be achieved management must develop an appropriate programme of controls testing.

In preparation for completing of the RMP, a business plan has been produced by the Records Manager.

Scope

Internal Audit's review of the Public Records (Scotland) Act will consist of two phases of fieldwork. Both phases will be reported to Audit and Risk Committee in December 2014.

Phase	Objectives	Period	Days allocated
I	Review the RMP Business Plan to ensure: a) "Completed" tasks meet best practice (as detailed within the Keeper of the Records of Scotland Model Plan) and there is evidence to support that tasks have been completed as described. b) "Un-completed" tasks have an action plan in place, timescales are appropriate and the intended actions meet best practice (as detailed within the Keeper of the Records of Scotland Model Plan)	05 August – 11 August 2014	5
II	Assess the design of the programme of controls testing, providing recommendations where improvements could be made.	TBC	5

Limitations of scope

The scope of our review is outlined above.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the procedures in place through discussion with key personnel and review of documentation.

- Identify the key risks in respect of compliance with the Public Records (Scotland) Act.

- Review the Council's RMP Business Plan against best practice guidance (model plan).

- Evaluate the design of controls in place to assess compliance with the RMP.

Key Council Contacts

Name	Title	Role	Contact details
Ewan Sutherland	Director of Corporate Governance (Interim)	Sponsor	01224 522192
Martin Murchie	Community Planning & Corporate Performance Manager	Sponsor	01224 522008
Caroline Anderson	Records Manager	Key contact	01224 522521

Agreed timings

Note: If the Council amend or delay the timing of this review at short notice and we cannot utilise the internal audit staff on other reviews then the originally agreed days may still be charged at the normal day rate, in addition to the rescheduled days.

Phase I	
Fieldwork start	05 August 2014
Fieldwork completed	11 August 2014
Draft report to client	26 August 2014
Response from client	09 September 2014
Final report to client	16 September 2014
Reported to Audit and Risk Committee	December 2014
Phase II	
Fieldwork start	TBC
Fieldwork completed	
Draft report to client	
Response from client	
Final report to client	
Reported to Audit and Risk Committee	

Appendix 4 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of Public Records (Scotland) Act, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to Public Records (Scotland) Act is as at August 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or

- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.