

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 June 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/19/009
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2 and 2.4

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2018/19 and 2019/20 Internal Audit plans.

2. RECOMMENDATIONS

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 The Internal Audit plan for 2018/19 was approved by the Audit, Risk and Scrutiny Committee on 22 February 2018 and that for 2019/20 was approved on 14 February 2019. The plans included an indicative date by when it was planned to report each audit to Committee and progress against the plan has been reported to each subsequent meeting of the Committee.
- 3.2 Appendix A to this report shows progress with the audits contained in the 2018/19 plan. A summary is shown in the following table.

2018/19 Planned Audit Status	As at 13 June 2019 by Original Target Committee Date						%age
	Jun 18	Sep 18	Dec 18	Feb 19	Apr 19	Total	
Complete	1	9	5	5	2	22	88.0
Draft Report Issued	0	0	0	0	0	0	0.0
Work in Progress	0	0	0	0	1	1	4.0
(*) Moved to future year	0	0	0	1	1	2	8.0
Total	1	9	5	6	4	25	100.0

(*) As agreed by the Audit, Risk and Scrutiny Committee on 14 February 2019

3.3 Appendix B to this report shows progress with the audits contained in the 2019/20 plan. A summary is shown in the following table.

2019/20 Planned Audit Status	As at 13 June 2019 by Original Target Committee Date						%age
	Jun 19	Sep 19	Dec 19	Feb 20	Apr 20	Total	
Complete	0	0	0	0	0	0	0.0
Draft Report Issued	0	0	0	0	0	0	0.0
Work in Progress	2	0	0	0	0	2	7.4
To Start	0	8	7	5	5	25	92.6
Total	2	8	7	5	5	27	100.0

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Where planned progress is not maintained, there is a risk that sufficient work will not have been completed by the end of the financial year for Internal Audit to complete its annual opinion on the Council's control environment.

7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is to report Internal Audit's progress to Committee. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Appendix A – Progress with 2018/19 Internal Audit Plan.
- 9.2 Appendix B – Progress with 2019/20 Internal Audit Plan.

10. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH 2018/19 INTERNAL AUDIT PLAN

(Note – text in italics represents updates provided to Committee previously)

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2019	Red Amber Green	Comment where applicable
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Originally Planned for September 2018 Committee

Health and Social Care Partnership Charging Policy	To provide assurance that there is a clear charging policy in place and that it is being complied with.	Draft report due to be issued	21.12.18	Amber	<i>Delayed at request of Service - developing a new strategy</i>
		Draft report issued	11.03.19		
		Management response due	25.03.19	Amber	<i>No response to draft report at time of finalising Committee report.</i>
		Reminders sent:	12.04.19 15.05.19		
		Management response received	24.05.19	Red	
		Final draft issued to management	30.05.19	Green	
		Management confirmation received	10.06.19	Amber	
Final report issued	11.06.19	Green			
Original target Committee date	25.09.18	Amber			
<i>Revised Committee Date</i>	<i>30.04.19</i>				
Revised Committee Date	26.06.19				
Actual Submission to Committee	26.06.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2019	Red Amber Green	Comment where applicable
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Originally Planned for December 2018 Committee

Data security in a cloud-based environment	To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.	Draft report due to be issued	28.02.19	Amber	<i>There were delays in information being provided by the Service as requested by Internal Audit. Subsequently, the Auditor undertaking this audit left Internal Audit.</i>		
		Draft report issued	20.03.19				
		Management response due	03.04.19	Green		<i>Discussions are on-going regarding the draft report.</i>	
		Management response received	01.04.19				
		Final draft issued to management	14.05.19	Amber			Following various meetings, conversations, and provision of additional information.
		Management confirmation received	23.05.19				
Final report issued	24.05.19	Green					
Original target Committee date	04.12.18	Amber					
<i>Revised Committee Date</i>	<i>30.04.19</i>						
Revised Committee Date	26.06.19						
Actual Submission to Committee	26.06.19						

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2019	Red Amber Green	Comment where applicable
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Originally Planned for April 2019 Committee

Music Centre	To provide assurance that procedures have been improved following completion of work undertaken by Corporate Investigation Team - review of income, expenditure (procurement and payroll), and inventory	Draft report due to be issued	05.03.19	Amber	<i>Delays in completing PEF audit.</i>
		Revised due date	29.03.19		
		Draft report issued	04.04.19		
		Management response due	02.05.19	Green Amber	Further discussions held to discuss report
		Management responses received: Education Finance	30.04.19 14.05.19		
		Final draft issued to management Management confirmation received	15.05.19 15.05.19	Green	
Final Report Issued	16.05.19	Green			
Original target Committee date	30.04.19	Amber			
Revised Committee date	26.06.19				
Actual Submission to Committee	26.06.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2019	Red Amber Green	Comment where applicable
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Originally Planned for April 2019 Committee (continued)

Management of high-risk contracts	To focus on recent identified issues: <ul style="list-style-type: none"> - 3rd Don Crossing - Photovoltaic Panels To include data / intelligence used for monitoring and escalation of risk.	Draft report due to be issued	05.07.19		<i>Work has commenced on this review but there were delays in identifying the appropriate officers to discuss it with.</i>
		Original target Committee date <i>Revised Committee date</i> Revised Committee date	30.04.19 26.06.19 25.09.19	Red	Progress with this audit continues to be slow as information requested from various services has yet to be received.

APPENDIX B

PROGRESS WITH 2019/20 INTERNAL AUDIT PLAN

(Note – text in italics represents updates provided to Committee previously)

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2019	Red Amber Green	Comment where applicable
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Originally Planned for June 2019 Committee

Shutdown of Non-essential Spend	To provide assurance that the shutdown of non-essential spend has been effective in achieving its objective and instructions were complied with.	Draft report due to be issued Changed to	30.04.19 05.07.19	Amber	Not all data requested from Finance, which was to be provided to Internal Audit by 24.05.19, has been received – delayed by year-end process.
		Original target Committee date Revised Committee Date	26.06.19 25.09.19		
Income Generation	To provide assurance that budgeted income generation is based on robust assumptions and is being realised.	Draft report due to be issued Changed to	30.04.19 28.06.19	Amber	Due to delays in information being received from Services.
		Original target Committee date Revised Committee Date	26.06.19 25.09.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2019	Red Amber Green	Comment where applicable
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No Planned Reporting to Committee

Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner	<p>To certify required grant claims in accordance with Programme requirements.</p> <p><i>There will be no specific reporting to management or the Audit, Risk and Scrutiny Committee in relation to these grant claims unless a significant issue is identified.</i></p>	<p><u>April 2019:</u> ACE Retrofitting Project ACC Partner Claim for reporting period 4 certified.</p> <p><u>May 2019:</u> BEGIN Partner Claim for reporting period 4 in progress. HyTrEc 2 Partner Claim for period reporting period 4 in progress.</p>		
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