

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	25 September 2019
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Progress
<b>REPORT NUMBER</b>	IA/19/011
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	David Hughes
<b>TERMS OF REFERENCE</b>	2.2 and 2.4

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### **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 12 September 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	1	1	4.0
Work in Progress	0	0	0	0	0	0	0.0
(*) Moved to future year	0	0	0	1	1	2	8.0
To Start	0	0	0	0	0	0	0.0
<b>Total</b>	<b>1</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>25</b>	<b>100.0</b>

(\*) 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 12 September 2019 by Original Target Committee Date						%age
	Jun 19	Sep 19	Dec 19	Feb 20	Apr 20	Total	
Complete	0	3	0	0	0	3	11.1
Draft Report Issued	1	1	0	0	0	2	7.4
Work in Progress	1	4	0	0	0	5	18.5
To Start	0	0	7	5	5	17	63.0
<b>Total</b>	<b>2</b>	<b>8</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>27</b>	<b>100.0</b>

#### 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
<b>Equality &amp; Human Rights Impact Assessment</b>	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.
<b>Data Protection Impact Assessment</b>	Not required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	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 12 September 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: - 3 <sup>rd</sup> Don Crossing - Photovoltaic Panels	Draft report due to be issued	05.07.19	Amber	<i>Work commenced on this review but there were delays in identifying the appropriate officers to discuss it with, and obtaining supporting information from various services.</i>
		Draft report issued	15.08.19		
	To include data / intelligence used for monitoring and escalation of risk.	Management response due	05.09.19	Green	
		Management response received	23.08.19		
		Final draft issued to management	23.08.19	Green	
		Management confirmation received	TBC		
		Original target Committee date	30.04.19	Amber Red	See below:
		Revised Committee date	26.06.19		
		Changed to	25.09.19		
		Changed to	04.12.19		

The Director of Resources had instructed officers not to respond to anything at the time relating to one of the sampled projects as they were in the process of concluding the building contract and gaining access rights for the operator and the team were under extreme pressure to ensure delivery of the new venue. Virtually every day or two there was a critical path deadline that cannot be missed. Information was provided shortly after the draft Internal Audit report was issued, and has been incorporated into the final draft.

**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 12 September 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 Changed to Draft report issued	30.04.19 05.07.19 TBC TBC	Amber Red	<i>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.</i>  Data / information requested from Finance to complete this audit still to be received.
		Original target Committee date Revised Committee Date Changed to	26.06.19 25.09.19 04.12.19	Amber Red	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for June 2019 Committee (continued)**

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 Draft report issued	30.04.19 28.06.19 28.06.19	Amber	<i>Due to delays in information received from Services.</i>
		Management response due Reminder sent Management response received	19.07.19 09.09.19 TBC	Red	
		Original target Committee date Revised Committee Date Changed to	26.06.19 25.09.19 04.12.19	Amber Red	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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### Originally Planned for September 2019 Committee

Car Parking and Bus Lane Enforcement Income	To provide assurance that procedures regarding income collection and the management of fines are adequate.	Draft report due to be issued	TBC	Amber	Difficulties were encountered in identifying appropriate points of contact for this audit. Subsequently, the allocated auditor has been signed off work.
		Draft report issued	TBC		
		Original target Committee date	25.09.19		
		Revised Committee date	04.12.19		

Building and Road Services Stock Control	To provide assurance that procedures are adequate and stock movements are adequately accounted for.	Draft report due to be issued	20.09.19	Amber	The commencement of this audit was delayed due to additional work being required to progress the 2018/19 audit of High Risk Contracts. There have been subsequent delays in the Service nominating contact officers and arranging initial meetings.
		Draft report issued	TBC		
		Original target Committee date	25.09.19		
		Revised Committee date	04.12.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for September 2019 Committee (continued)**

Ring-fenced Funding	To provide assurance that the Council has appropriate arrangements in place to ensure that conditions relating to ring-fenced funding contained within Scottish Government Grant are complied with.	Draft report due to be issued Draft report issued	04.10.19 TBC		Work has recently commenced on this audit. Delay due to availability of Internal Audit resource.
		Original target Committee date Revised Committee date	25.09.19 04.12.19	Amber	
Risk Management	To provide assurance over the arrangements that are currently in operation within the Council.	Draft report due to be issued Draft report issued	23.07.19 30.07.19	Green	
		Management response due Management response received	13.08.19 13.08.19	Green	
		Final draft issued to management Management confirmation received	13.08.19 14.08.19	Green	
		Final report issued	14.08.19	Green	
		Original target Committee date Actual Submission to Committee	25.09.19 25.09.19	Green	
Travel Policy	To provide assurance that the Council has appropriate arrangements in place and that these are being complied with.	Draft report due to be issued Draft report issued	30.07.19 26.07.19	Green	The Cluster will be unable to respond until w/c 19.08.19 due to annual leave in the team. The Internal Auditor will then be on annual leave, resulting in a delay to completion of the audit.
		Management response due Reminder sent Management response received	09.08.19 09.09.19 TBC	Amber	
		Original target Committee date Revised Committee date	25.09.19 04.12.19	Amber	



SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for September 2019 Committee (continued)**

Timesheets and Allowances	To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.	Draft report due to be issued	TBC	Amber	Start of audit delayed as auditor has been on jury service. Access to Payroll System requested on 30.07.19. Not yet provided. Cluster have had difficulties downloading payroll data from CoreHR to facilitate testing.
		Draft report issued	TBC		
		Original target Committee date	25.09.19		
		Revised Committee date	04.12.19		

Cyber Security	To provide assurance that the controls detailed in the Corporate Risk Register (Corp006) are effective and that Assurance actions are progressing as planned.	Draft report due to be issued	30.07.19	Green	
		Draft report issued	27.07.19		
		Management response due	14.08.19	Green	
		Management response received	05.08.19		
		Final draft issued to management	12.08.19	Green	
		Management confirmation received	14.08.19		
		Final report issued	14.18.19	Green	
		Original target Committee date	25.09.19	Green	
		Actual Submission to Committee	25.09.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for September 2019 Committee (continued)**

Housing Rent Income	To provide assurance over rent collection and arrears recovery procedures.	Draft report due to be issued	30.07.19	Green		
		Draft report issued	26.07.19			
		Management response due	21.08.19			Green
		Management response received	23.08.19			
		Final draft issued to management	23.08.19			Green
		Management confirmation received	30.08.19			
		Final report issued	09.09.19	Green		
		Original target Committee date	25.09.19	Green		
		Actual Submission to Committee	25.09.19			

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for December 2019 Committee**

Fostering and Adoption Payments	To provide assurance over Fostering and Adoption Allowances being paid.	Original target Committee date	04.12.19		
Industrial and Commercial Property Rental Income and Void Control	To provide assurance over the processes in place for letting, recovering rental income, and managing voids for industrial and commercial premises.	Original target Committee date	04.12.19		
HR / Payroll System	To provide assurance that there is adequate control over the new CoreHR system and that issues raised in relation to previous system have been addressed.				The Cluster has requested that this audit be delayed until January 2020 to allow the team to further embed the system and remain focussed on the current rollout of additional functionality to the benefit of the organisation.
		Original target Committee date Revised Committee date	04.12.19 07.05.20		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for December 2019 Committee (continued)**

Transformation	To provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations.	Original target Committee date	04.12.19		
Civil Contingencies	To provide assurance that the Council has taken the necessary action and has plans in place to mitigate risks identified in the Corporate Risk Register (Corp004) to ensure that it can deliver on its obligations in the event of an emergency.	Original target Committee date	04.12.19		
Voids – Housing Repairs	To provide assurance regarding the process for re-letting void properties and compliance therewith.	Original target Committee date	04.12.19		
Cash Collection	To provide assurance over procedures in operation relating to sample of cash collection locations.	Original target Committee date	04.12.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for February 2020 Committee**

Gas Servicing Contract	To provide assurance that contractual and operational issues are being complied with				
SEEMIS	To provide assurance that appropriate control is being exercised over the system in view of the perceived criticality of the system and the significant volume of sensitive personal data held.				
School Catering Income and Expenditure	To provide assurance over income and procurement expenditure relating to school catering operations				
Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.				
Information Governance	To provide assurance that the controls in place for mitigating the risks identified in the Corporate Risk Register (Corp005) are adequate and operating as expected.				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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**Originally Planned for April 2020 Committee**

Workforce Planning	To provide assurance that the Council has appropriate and adequate plans in place to determine its workforce requirements and that these are in operation throughout the Council.				
Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data				
Craft Workers Terms and Conditions	To provide assurance that new Terms and Conditions have been implemented and are being complied with.				
Procurement Compliance	To provide assurance that the Council has appropriate arrangements in place, that are being complied with, to ensure compliance with procurement legislation and internal regulations.				
Contract Monitoring – H&SCP Commissioned Services	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 12 September 2019	Red Amber Green	Comment where applicable
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### No Planned Reporting to Committee

<p>Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner</p>	<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 certified.</p> <p><u>June 2019</u> HyTrEc 2 Partner Claim for period reporting period 4 certified.</p> <p><u>July 2019</u> HyTrEc 2 Lead Beneficiary Claim for period reporting period 4 certified.</p> <p><u>August 2019</u> HeatNet Partner Claim for reporting period 4 certified.</p> <p><u>September 2019</u> SCORE Project Partner Claim for reporting period to 30.06.19 in progress. ACE Retrofitting Project Partner Claim for period to 30.06.19 in progress. HECTOR / HyWAVE Project Partner Claim for period to 30.06.19 in progress.</p>		
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