

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	4 December 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/19/013
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 provides details relating to the final audit contained in the 2018/19 plan which is reported elsewhere on today's agenda.
- 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 21 November 2019 by Original Target Committee Date						%age
	Jun 19	Sep 19	Dec 19	Feb 20	May 20	Total	
Complete	0	4	0	0	0	4	14.8
Draft Report Issued	1	2	2	0	0	5	18.5
Work in Progress	1	2	3	2	0	8	29.6
To Start	0	0	2	3	5	10	37.1
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 21 November 2019	Red Amber Green	Comment where applicable
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Originally Planned for April 2019 Committee (continued)

Management of high-risk contracts. The title of this audit has been changed to Capital Contract Management.	To focus on recent identified issues: - 3 rd 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> See below:
		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 Reminders sent:		23.08.19	Green Amber Red	
			25.09.19		
			03.10.19		
		17.10.19			
		25.10.19			
Management confirmation received	28.10.19				
Final report issued	28.10.19	Green			
	Original target Committee date	30.04.19	Amber Red		
	Revised Committee date	26.06.19			
	Changed to	25.09.19			
	Changed to	04.12.19			
	Actual submission to Committee	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 21 November 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	30.04.19	Amber Red	See below:
		Changed to Changed to Draft report issued	05.07.19 TBC TBC		
		Original target Committee date	26.06.19	Amber Red	
		Revised Committee Date Changed to:	25.09.19 04.12.19 12.02.20		

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.

Reminders have been sent but, as at September 2019, data / information requested from Finance to complete this audit is still to be received.

Further reminders have been sent but, as at 21.11.19, there has been no response from Finance to requests for information.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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 Reminders sent: Management response received	19.07.19 09.09.19 27.09.19 15.11.19	Red	Internal Audit has issued reminders and assurances have been provided by management regarding provision of a response to the draft report.
		Updated draft report issued Management response received	18.11.19 TBC		
		Original target Committee date Revised Committee Date Changed to:	26.06.19 25.09.19 04.12.19 12.02.20	Amber Red	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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	20.01.20		<i>Difficulties were encountered in identifying appropriate points of contact for this audit. Subsequently, the allocated auditor has been signed off work.</i> Allocated Auditor now back to work but has an involvement in an ongoing court case which will delay completion.
		Draft report issued	TBC		
		Original target Committee date	25.09.19	Amber	
		Revised Committee date	04.12.19		
		Changed to	07.05.20		

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	<i>Commencement delayed due to additional work being required to progress the 2018/19 audit of High Risk Contracts. There were subsequent delays in the Service nominating contact officers and arranging initial meetings / providing information.</i>
		Changed to	25.10.19		
		Draft report issued	25.10.19	Green	
		Management response due	13.11.19	Green	
		Management response received	28.10.19		
		Final draft issued to management	31.10.19	Green	
Management confirmation received	18.11.19				
Final report issued	18.11.19	Green			
		Original target Committee date	25.09.19	Amber	
		Revised Committee date	04.12.19		
		Actual submission to Committee	04.12.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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	04.10.19	Amber Red	<i>Work has recently commenced on this audit. Delay due to availability of Internal Audit resource.</i>
		Draft report issued	14.10.19		
		Management response due	11.11.19		
		Management response received	TBC		
		Original target Committee date	25.09.19		
		Revised Committee date	04.12.19		
		Changed to	12.02.20		

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	30.07.19	Green	See below:
		Draft report issued	26.07.19		
		Management response due	09.08.19	Amber	
		Reminder sent	09.09.19		
		Management response due	27.09.19	Red	
		Reminders sent:	01.10.19		
			16.10.19		
Management response received	15.11.19				
		Updated draft report issued	19.11.19		
		Management response received	TBC		
		Original target Committee date	25.09.19	Amber	
		Revised Committee date	04.12.19		
		Changed to	12.02.20		

When the draft report as issued, the Cluster advised that it would 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.

In response to the reminder issued by Internal Audit on 16.10.19, the Chief Officer – Customer Experience advised that responsibility for providing a response to the draft report had been reassigned.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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	31.10.19	Amber	See below:
		Deferred pending receipt of responses to queries issued by Internal Audit	TBC		
		Draft report issued	TBC		
		Original target Committee date	25.09.19	Amber	
		Revised Committee date	04.12.19		
		Changed to	12.02.20		

Start of audit delayed as auditor on jury service. Access to Payroll System requested on 30.07.19. Full access not provided as at September 2019. Cluster has also had difficulties downloading payroll data from CoreHR to facilitate testing.

Access to CoreHR was provided on 04.10.19 and Internal Audit managed to download required data from the general ledger. Testing has progressed and queries have been passed to Payroll on 10.10.19 (partial response received as at 21.11.19) and 28.10.19 to respond to before draft report is issued.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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 Revised Committee date	04.12.19 07.05.20	Amber	Not yet commenced. See below:
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Initially delayed due to delays with other audits. The Cluster has subsequently requested that the audit be delayed further as it is dealing with a section 21 notice from the Scottish Child Abuse Inquiry in respect of the fostering service. This has to be submitted by the end of January 2020.

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.	Draft report due to be issued	14.12.19	Amber	Commencement delayed due to delays with other audits.
		Draft report issued	TBC	Amber	
		Original target Committee date Revised Committee date	04.12.19 12.02.20		

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.	Original target Committee date Revised Committee date	04.12.19 07.05.20		See below:
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The Cluster 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.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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.	Draft report due to be issued Changed to	08.11.19 TBC – awaiting receipt of requested information		Commencement delayed due to delays with other audits and delay with management advising of lead contact for audit.
		Original target Committee date Revised Committee date	04.12.19 12.02.20		

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.	Draft report due to be issued	TBC	See below	See below:
		Original target Committee date Revised Committee date	04.12.19 12.02.20		

The Cluster has requested that conclusion of this audit be delayed as they are completing a stocktake of emergency planning arrangements, with a report due to be presented to the Public Protection Committee on 12 December. In order that Internal Audit findings can take account of this stocktake, the Internal Audit report will be submitted to the February meeting of the Audit, Risk and Scrutiny Committee.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 2019	Red Amber Green	Comment where applicable
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Originally Planned for December 2019 Committee (continued)

Voids – Housing Repairs	To provide assurance regarding the process for re-letting void properties and compliance therewith.	Draft report due to be issued	11.10.19	Green	
		Draft report issued	10.10.19		
		Management response due	31.10.19	Amber	
		Reminder sent	05.11.19		
Management response received	07.11.19				
		Final draft issued to management	08.11.19	Green	
		Management confirmation received	TBC	Amber	
		Original target Committee date	04.12.19	Amber	
		Revised Committee date	12.02.20		
Cash Collection	To provide assurance over procedures in operation relating to sample of cash collection locations.	Draft report due to be issued	18.10.19	Green	The Cluster requested an extension to respond to the draft report due to annual leave of key staff.
		Draft report issued	17.10.19		
		Management response due	31.10.19	Amber	
		Reminder sent	05.11.19		
Management response received	13.11.19				
		Final draft issued to management	15.11.19	Green	
		Management confirmation received	TBC	Amber	
		Original target Committee date	04.12.19	Amber	
		Revised Committee date	12.02.20		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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	Original target Committee date	12.02.19		Not yet commenced
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.	Original target Committee date	12.02.19		Not yet commenced
School Catering Income and Expenditure	To provide assurance over income and procurement expenditure relating to school catering operations	Draft report due to be issued	29.11.19	Green	
		Original target Committee date	12.02.19		
Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.	Draft report due to be issued	11.12.19	Green	
		Original target Committee date	12.02.19		
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.	Original target Committee date	12.02.19		Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 2019	Red Amber Green	Comment where applicable
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Originally Planned for May 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.	Original target Committee date	07.05.19		Not yet commenced
Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data	Original target Committee date	07.05.19		Not yet commenced
Craft Workers Terms and Conditions	To provide assurance that payments through the payroll system are in accordance with agreed Craft Workers' Terms and Conditions.	Original target Committee date	07.05.19		Not yet commenced
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.	Original target Committee date	07.05.19		Not yet commenced
Contract Monitoring – H&SCP Commissioned Services	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.	Original target Committee date	07.05.19		Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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> <i>ACE Retrofitting Project ACC Partner Claim for reporting period 4 certified.</i></p> <p><u>May 2019:</u> <i>BEGIN Partner Claim for reporting period 4 certified.</i></p> <p><u>June 2019</u> <i>HyTrEc 2 Partner Claim for period reporting period 4 certified.</i></p> <p><u>July 2019</u> <i>HyTrEc 2 Lead Beneficiary Claim for period reporting period 4 certified.</i></p> <p><u>August 2019</u> <i>HeatNet Partner Claim for reporting period 4 certified.</i></p> <p><u>September 2019</u> SCORE Project Partner Claim for reporting period to 30.06.19 certified. ACE Retrofitting Project Partner Claim for period to 30.06.19 certified. HECTOR / HyWAVE Project Partner Claim for period to 30.06.19 certified.</p> <p><u>November 2019</u> BEGIN Partner Project Claim for reporting period to 31.10.19 certified. HyTrEc 2 Project Partner Claim for reporting period to 30.06.19 certified</p>		
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