

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	12 February 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Progress
<b>REPORT NUMBER</b>	IA/20/001
<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

The Committee is requested to:

- 2.1 Approve the removal of the audit relating to Craft Workers Terms and Conditions from the 2019/20 Internal Audit Plan, and otherwise
- 2.2 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 2019/20 plan. A summary is shown in the following table.

2019/20 Planned Audit Status	As at 30 January 2020 by Original Target Committee Date						%age
	Jun 19	Sep 19	Dec 19	Feb 20	May 20	Total	
Complete	1	6	2	1	0	10	37.0
Draft Report Issued	1	2	1	3	0	7	26.0
Work in Progress	0	0	3	1	3	7	26.0
To Start	0	0	1	0	1	2	7.4
Removal Proposed	0	0	0	0	1	1	3.6
<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>

- 3.3 There is one audit referred to in the above table and attached appendix relating to the provision of assurance that payments through the payroll system are in accordance with agreed Craft Workers' Terms and Conditions. The Committee will be aware from Internal Audit's reports on the follow up of agreed recommendations that there have been delays in the negotiation and consultation on these terms and conditions. The latest position is that formal consultation is due to commence at the beginning of February 2020. In view of this, there will be insufficient data available in 2019/20 to be tested on which assurance can be provided. It is, therefore, proposed that this audit be removed from the 2019/20 Internal Audit Plan and that a proposed audit contained in the 2020/21 Internal Audit plan relating to Timesheets and Allowances contain specific testing of Craft Workers' payments.

#### 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**

<b>Assessment</b>	<b>Outcome</b>
<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 2019/20 INTERNAL AUDIT PLAN

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

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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.	<i>Draft report due to be issued</i>	<i>30.04.19</i>	<i>Amber Red</i>	See below:
		<i>Changed to</i>	<i>05.07.19</i>		
		<i>Changed to</i>	<i>19.12.19</i>		
		<i>Draft report issued</i>	<i>19.12.19</i>		
		Management response due	10.01.20	Amber	
		Management response received	21.01.20		
		Updated draft report issued	24.01.20	Green	
		Management response received	TBC		
		<i>Original target Committee date</i>	<i>26.06.19</i>	<i>Amber Red</i>	
		<i>Revised Committee Date</i>	<i>25.09.19</i>		
		<i>Changed to:</i>	<i>04.12.19</i>		
			<i>12.02.20</i>		
			<i>07.05.20</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.*

*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 30 January 2020	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.	<i>Draft report due to be issued</i>	<i>30.04.19</i>	<i>Amber</i>	<i>Due to delays in information received from Services.</i>
		<i>Changed to</i>	<i>28.06.19</i>		
		<i>Draft report issued</i>	<i>28.06.19</i>	<i>Red</i>	
		<i>Management response due</i>	<i>19.07.19</i>		
		<i>Reminders sent:</i>	<i>09.09.19</i>		
		<i>Management response received</i>	<i>27.09.19</i>		
<i>Updated draft report issued</i>	<i>18.11.19</i>	<i>Green</i>			
<i>Management response received</i>	<i>02.12.19</i>	<i>Amber</i>			
<i>Final report issued</i>	<i>03.12.19</i>	<i>Green</i>			
<i>Original target Committee date</i>	<i>26.06.19</i>	<i>Amber</i> <i>Red</i>			
<i>Revised Committee Date</i>	<i>25.09.19</i>				
<i>Changed to:</i>	<i>04.12.19</i>				
<i>Actual submission to Committee</i>	<i>12.02.20</i>				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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.	<i>Draft report due to be issued</i> Draft report issued	20.01.20 16.01.20	Green	Difficulties were encountered in identifying appropriate points of contact for this audit. Subsequently, the allocated auditor has been signed off work.  Allocated Auditor now back to work but has an involvement in an ongoing court case which will delay completion.
		Management response due Management response received	06.02.20 TBC		
		<i>Original target Committee date</i> <i>Revised Committee date</i> <i>Changed to</i>	25.09.19 04.12.19 07.05.20	Amber	

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.	<i>Draft report due to be issued</i> <i>Draft report issued</i>	04.10.19 14.10.19	Amber	Work has recently commenced on this audit. Delay due to availability of Internal Audit resource.
		<i>Management response due</i> Management response received	11.11.19 22.11.19	Amber	
		Updated draft report issued Management response received	26.11.19 15.01.20	Green Amber	
		Final draft issued Management response received	15.01.20 TBC	Green	
		Final report issued	TBC		
		<i>Original target Committee date</i> <i>Revised Committee date</i> <i>Changed to</i>	25.09.19 04.12.19 12.02.20 07.05.20	Amber Red	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	Red Amber Green	Comment where applicable
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**Originally Planned for September 2019 Committee (continued)**

Travel Policy	To provide assurance that the Council has appropriate arrangements in place and that these are being complied with.	<i>Draft report due to be issued</i>	<i>30.07.19</i>	<i>Green</i>	See below:
		<i>Draft report issued</i>	<i>26.07.19</i>		
		<i>Management response due</i>	<i>09.08.19</i>	<i>Amber</i>	
		<i>Reminder sent</i>	<i>09.09.19</i>		
		<i>Management response due</i>	<i>27.09.19</i>	<i>Red</i>	
		<i>Reminders sent:</i>	<i>01.10.19</i>		
			<i>16.10.19</i>		
		<i>Management response received</i>	<i>15.11.19</i>		
		<i>Updated draft report issued</i>	<i>19.11.19</i>	<i>Green</i>	
		<i>Management response received</i>	<i>22.11.19</i>		
<i>Final draft report issued</i>	<i>26.11.19</i>	<i>Amber</i>			
<i>Management response received</i>	<i>20.01.20</i>				
<i>Final report issued</i>	<i>20.01.20</i>	<i>Green</i>			
<i>Original target Committee date</i>	<i>25.09.19</i>	<i>Amber</i>			
<i>Revised Committee date</i>	<i>04.12.19</i>				
<i>Changed to</i>	<i>12.02.20</i>				
<i>Actual submission to Committee</i>	<i>12.02.20</i>				

*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 30 January 2020	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.	<i>Draft report due to be issued</i>	31.10.19	Amber	See below:
		<i>Deferred pending receipt of responses to queries issued by Internal Audit</i>	31.12.19		
		Draft report issued with queries included	19.12.19		
		Management response due	10.01.20	Amber	
		Management response received	14.01.20		
		Updated draft report issued	15.01.20	Amber	
		Management response received	24.01.20		
Final report issued	27.01.20	Green			
		<i>Original target Committee date</i>	25.09.19	Amber	
		<i>Revised Committee date</i>	04.12.19		
		<i>Changed to</i>	12.02.20		
		<i>Actual submission to Committee</i>	12.02.20		
<p><i>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.</i></p> <p><i>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.</i></p> <p>09.12.19 – partial response received to queries issued on 28.10.19.</p>					



SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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.	<i>Original target Committee date</i> <i>Revised Committee date</i>	<i>04.12.19</i> <i>07.05.20</i>	<i>Amber</i>	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.	<i>Draft report due to be issued</i>	<i>14.12.19</i>	<i>Amber</i>	<i>Commencement delayed due to delays with other audits.</i>
		Changed to <i>Draft report issued</i>	<i>17.01.20</i> <i>29.01.20</i>		
		Management response due Management response received	<i>21.02.20</i> TBC	<i>Amber</i>	
		<i>Original target Committee date</i> <i>Revised Committee date</i> Changed to	<i>04.12.19</i> <i>12.02.20</i> <i>07.05.20</i>		

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.	Draft report due to be issued by	06.03.20	Green	See below:
		<i>Original target Committee date</i> <i>Revised Committee date</i>	<i>04.12.19</i> <i>07.05.20</i>	Amber	

*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 30 January 2020	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.	<i>Draft report due to be issued</i> Changed as initial meeting not held until 05.12.19 due to availability of nominated lead contact and delays in the provision of requested data	08.11.19 31.03.20	Amber	<i>Commencement delayed due to delays with other audits and delay with management advising of lead contact for audit.</i>
		<i>Original target Committee date</i> <i>Revised Committee date</i> Changed to	04.12.19 12.02.20 07.05.20	Amber	

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 Draft report issued	06.03.20 TBC		See below:
		<i>Original target Committee date</i> <i>Revised Committee date</i> Changed to	04.12.19 12.02.20 07.05.20	See below	

*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.*

Due to delays with other audits and the provision of documentation for this audit, this will now be presented to the May 2020 meeting of the Audit, Risk and Scrutiny Committee.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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.	<i>Draft report due to be issued</i>	11.10.19	Green	
		<i>Draft report issued</i>	10.10.19		
		<i>Management response due</i>	31.10.19	Amber	
		<i>Reminder sent</i>	05.11.19		
		<i>Management response received</i>	07.11.19		
		<i>Final draft issued to management</i>	08.11.19	Green	
Management confirmation received	26.11.19	Amber			
Final report issued	26.11.19	Green			
<i>Original target Committee date</i>	04.12.19	Amber			
<i>Revised Committee date</i>	12.02.20				
Actual submission to Committee	12.02.20				
Cash Collection	To provide assurance over procedures in operation relating to sample of cash collection locations.	<i>Draft report due to be issued</i>	18.10.19	Green	<i>The Cluster requested an extension to respond to the draft report due to annual leave of key staff.</i>
		<i>Draft report issued</i>	17.10.19		
		<i>Management response due</i>	31.10.19	Amber	
		<i>Reminder sent</i>	05.11.19		
		<i>Management response received</i>	13.11.19		
		<i>Final draft issued to management</i>	15.11.19	Green	
Management confirmation received	17.01.20	Amber			
Final report issued	23.01.20	Green			
<i>Original target Committee date</i>	04.12.19	Amber			
<i>Revised Committee date</i>	12.02.20				
Actual submission to Committee	12.02.20				
					Internal Audit was awaiting confirmation regarding one response.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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	Draft report due to be issued	31.03.20		Delayed due to Auditors involvement in on-going court case.
		Original target Committee date Revised Committee date	12.02.20 07.05.20	Amber	
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.	Draft report due to be issued	17.01.20	Green	Delays in progressing other audits and Internal Audit getting access to systems necessary to complete testing.
		Draft report issued	17.01.20		
		Management response due Management response received	07.02.20 TBC	Amber	
Original target Committee date Revised Committee date	12.02.20 07.05.20				
School Catering Income and Expenditure	To provide assurance over income and procurement expenditure relating to school catering operations	<i>Draft report due to be issued</i>	29.11.19	Green	
		Draft report issued	29.11.19		
		Management response due	29.12.19	Amber	
		Reminders sent	08.01.20		
		Management response received	20.01.20	Green	
		Final draft issued to management	23.01.20	Green	
		Management confirmation received	24.01.20		
Final report issued	27.01.20	Green			
Original target Committee date	12.02.20	Green			
Actual submission to Committee	12.02.20				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	Red Amber Green	Comment where applicable
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**Originally Planned for February 2020 Committee (continued)**

Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.	Draft report due to be issued	11.12.19	Green Amber	Delays in Cluster providing Auditor with access to system and shared drives / availability of Cluster staff.
		Changed to Draft report issued	15.01.20 15.01.20		
		Management response due Management response received	31.01.20 TBC		
		Original target Committee date Revised Committee date	12.02.20 07.05.20	Amber	
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.	Draft report due to be issued	14.01.20	Green	Delayed due to delays in progressing other audits
		Draft report issued	14.01.20		
		Management response due Management response received	28.01.20 TBC		
		Original target Committee date Revised Committee date	12.02.20 07.05.20	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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.	Draft report due to be issued	21.02.20		
		Original target Committee date	07.05.20		
Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data	Draft report due to be issued	12.03.20		
		Original target Committee date	07.05.20		
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	07.05.20		See below:
<p>The Service has confirmed that negotiations on terms and conditions is continuing with formal consultation due to commence at the beginning of February 2020. In view of this, there will be insufficient data available to be tested in 2019/20. It is, therefore, proposed that this audit be removed from the 2019/20 plan and that a proposed audit of Timesheets and Allowances in the 2020/21 Internal Audit plan specifically include testing of Craft Workers payments.</p>					
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.	Draft report due to be issued	28.02.20		
		Original target Committee date	07.05.20		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	Red Amber Green	Comment where applicable
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**Originally Planned for May 2020 Committee (continued)**

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	07.05.20		Not yet commenced
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	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> <i>SCORE Project Partner Claim for reporting period to 30.06.19 certified.</i> <i>ACE Retrofitting Project Partner Claim for period to 30.06.19 certified.</i> <i>HECTOR / HyWAVE Project Partner Claim for period to 30.06.19 certified.</i></p> <p><u>November 2019</u> <i>BEGIN Partner Project Claim for reporting period to 31.10.19 certified.</i> <i>HyTrEc 2 Project Partner Claim for reporting period to 30.06.19 certified</i></p> <p>HyTrEc 2 Lead Beneficiary Claim for reporting period to 30.06.19 certified</p>		
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