

ABERDEEN CITY COUNCIL

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|---------------------------|------------------------------------|
| COMMITTEE | Audit, Risk and Scrutiny Committee |
| DATE | 8 October 2020 |
| EXEMPT | No |
| CONFIDENTIAL | No |
| REPORT TITLE | Internal Audit Progress |
| REPORT NUMBER | IA/20/005 |
| DIRECTOR | N/A |
| REPORT AUTHOR | Colin Harvey |
| 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 2019/20 and 2020/21 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 2019/20 was approved by the Audit, Risk and Scrutiny Committee on 14 February 2019. The plan 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 remaining audits contained in the 2019/20 plan. Due to the advent of Covid-19 and the delays that caused in relation to a number of audits, the appendix has been simplified to remove some of the data regarding meetings and reminders and state only relevant dates. A summary is shown in the following table.

| 2019/20 Planned Audit Status | As at 27 September 2020 by Original Target Committee Date | | | | | | %age |
|------------------------------------|--|--------|--------|--------|--------|-------|------|
| | Jun 19 | Sep 19 | Dec 19 | Feb 20 | May 20 | Total | |
| Complete | 2 | 8 | 5 | 5 | 3 | 23 | 85.2 |
| Draft Report Issued | 0 | 0 | 1 | 0 | 1 | 2 | 7.4 |
| Work in Progress | 0 | 0 | 1 | 0 | 0 | 1 | 3.7 |

| | | | | | | | |
|----------------|---|---|---|---|---|----|-------|
| To Start | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Removal Agreed | 0 | 0 | 0 | 0 | 1 | 1 | 3.7 |
| Total | 2 | 8 | 7 | 5 | 5 | 27 | 100.0 |

3.3 The Internal Audit plan for 2020/21 was originally approved by the Audit, Risk and Scrutiny Committee on 12 February 2020. However, due to the advent of the Covid-19 Pandemic, the plan was revisited by Internal Audit and, through consultation with management, a revised plan was approved by the Urgent Business Committee on 6 May 2020. The plan included an indicative date by when it was planned to report each audit to Committee. It also contained details of audits that had been placed in a reserve list which would be undertaken should time allow.

3.4 Appendix B to this report shows progress with the audits contained in the 2020/21 plan. A summary is shown in the following table.

| 2020/21 Planned Audit Status | As at 27 September 2020 by Original Target Committee Date | | | | | | %age |
|------------------------------|--|--------|--------|--------|---------|-------|-------|
| | Oct 20 | Dec 20 | Feb 21 | May 21 | Reserve | Total | |
| Complete | 1 | 0 | 0 | 0 | 0 | 1 | 4.2 |
| Draft Report Issued | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Work in Progress | 2 | 0 | 0 | 0 | 0 | 2 | 8.4 |
| To Start | 3 | 2 | 3 | 5 | 8 | 21 | 87.4 |
| Total | 6 | 2 | 3 | 5 | 8 | 24 | 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 Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

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 |
|--|---|
| 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 |

9. APPENDICES

9.1 Appendix A – Progress with 2019/20 Internal Audit Plan.

9.2 Appendix B – Progress with 2020/21 Internal Audit Plan.

10. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH 2019/20 INTERNAL AUDIT PLAN

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 |
|-----------------|-----------|-------------------------------------|
|-----------------|-----------|-------------------------------------|

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 issued | 19.12.19 |
| | | Management response received | 21.01.20 |
| | | Updated draft report issued | 24.01.20 |
| | | Final Report issued | 18.02.20 |
| | | Actual submission to Committee | 08.10.20 |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 | |
|-----------------|-----------|-------------------------------------|--|
|-----------------|-----------|-------------------------------------|--|

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 issued | 16.01.20 |
| | | Management response received | 19.06.20 |
| | | Final draft report issued | 07.07.20 |
| | | Management response received | 31.08.20 |
| | | Final Report Issued | 15.09.20 |
| | | Actual submission to Committee | 08.10.20 |

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|---------------------|---|--------------------------------|----------|
| 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 issued | 14.10.19 |
| | | Management response received | 22.11.19 |
| | | Updated draft report issued | 26.11.19 |
| | | Final draft issued | 15.01.20 |
| | | Management response received | N/A |
| | | Final report issued | 30.03.20 |
| | | Actual submission to Committee | 08.10.20 |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 |
|-----------------|-----------|-------------------------------------|
|-----------------|-----------|-------------------------------------|

Originally Planned for December 2019 Committee

| | | | |
|---------------------------------|---|--------------------------------|----------|
| Fostering and Adoption Payments | To provide assurance over Fostering and Adoption Allowances being paid. | Draft report issued | 22.05.20 |
| | | Management response received | 22.07.20 |
| | | Final report issued | 28.07.20 |
| | | Actual submission to Committee | 08.10.20 |

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|---|--|--------------------------------|----------|
| 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 issued | 29.01.20 |
| | | Management response received | TBC |
| | | Final report issued | TBC |
| | | Actual submission to Committee | TBC |

| | | | |
|---------------------|---|--------------------------------|-----|
| 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 issued | TBC |
| | | Management response received | TBC |
| | | Final report issued | TBC |
| | | Actual submission to Committee | TBC |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 | |
|-----------------|-----------|-------------------------------------|--|
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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 issued | 16.03.20 |
| | | Management response received | 07.04.20 |
| | | Updated draft report issued | 08.04.20 |
| | | Management response received | 02.09.20 |
| | | Final Report Issued | 25.09.20 |
| | | Actual submission to Committee | 08.10.20 |
| 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 issued | 14.04.20 |
| | | Management response received | 01.09.20 |
| | | Final report issued | 28.09.20 |
| | | Actual submission to Committee | 08.10.20 |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 |
|-----------------|-----------|-------------------------------------|
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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 | 02.04.20 |
| | | Management response received | 01.05.20 |
| | | Final draft report issued | 06.05.20 |
| | | Management response received | 31.08.20 |
| | | Final report issued | 01.09.20 |
| | | Actual submission to Committee | 08.10.20 |
| 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 issued | 17.01.20 |
| | | Management response received | 25.02.20 |
| | | Final report issued | 25.02.20 |
| | | Actual submission to Committee | 08.10.20 |
| Financial Ledger System | To provide assurance over system controls, business continuity and contingency plans. | Draft report issued | 15.01.20 |
| | | Management response received | 10.02.20 |
| | | Final Report Issued | 20.02.20 |
| | | Actual submission to Committee | 08.10.20 |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 February 2020 | |
|-----------------|-----------|------------------------------------|--|
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Originally Planned for February 2020 Committee (continued)

| | | | |
|------------------------|--|--------------------------------|----------|
| 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 issued | 14.01.20 |
| | | Management response received | 17.02.20 |
| | | Final Report Issued | 17.02.20 |
| | | Actual submission to Committee | 08.10.20 |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 | |
|-----------------|-----------|-------------------------------------|--|
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Originally Planned for May 2020 Committee

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|------------------------|---|--------------------------------|----------|
| 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 issued | 14.04.20 |
| | | Management response received | 05.06.20 |
| | | Final draft report issued | 11.06.20 |
| | | Management response received | 28.07.20 |
| | | Final Report Issued | 05.08.20 |
| | | Actual submission to Committee | 08.10.20 |
| Performance Management | To provide assurance that the Council has effective performance management arrangements in place which produce accurate data | Draft report issued | 18.06.20 |
| | | Management response received | 10.08.20 |
| | | Final draft report Issued | 15.09.20 |
| | | Management response received | TBC |
| | | Actual submission to Committee | TBC |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 30 January 2020 | |
|-----------------|-----------|-----------------------------------|--|
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Originally Planned for May 2020 Committee (continued)

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|---|--|--------------------------------|----------|
| 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 issued | 19.05.20 |
| | | Management response received | 16.06.20 |
| | | Final draft report issued | 01.09.20 |
| | | Management response received | 22.09.10 |
| | | Final Report Issued | 22.09.10 |
| | | Actual submission to Committee | 08.10.20 |
| Contract Monitoring – H&SCP Commissioned Services | To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate. | Draft report issued | 30.04.20 |
| | | Management response received | 28.05.20 |
| | | Final draft report issued | 01.06.20 |
| | | Management response received | 02.06.20 |
| | | Final Report Issued | 30.06.20 |
| | | Actual submission to Committee | 08.10.20 |

APPENDIX B

PROGRESS WITH 2020/21 INTERNAL AUDIT PLAN

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

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 | Red Amber Green | Comment where applicable |
|-----------------|-----------|-------------------------------------|-----------------------|-----------------------------|
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Originally Planned for October 2020 Committee

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|---------------|---|--------------------------------|----------|-------|---|
| Vehicle Usage | To provide assurance that adequate procedures are in place to effectively manage the Council's vehicle fleet. To include a review of non-business use, including the business case for such use and authorisation thereof. The review will also review procedures, and vehicle and driver records to ensure that appropriate arrangements are in place to safeguard the Council's goods vehicle operator's licence. This will include procedures relating to driver self-declarations and management controls relating to fitness to drive. | Draft report due to be issued | 18.10.20 | Green | |
| | | Draft report issued | | | |
| | | Original Target Committee date | 08.10.20 | Amber | Audit commenced 5/6/2020; the assigned auditor has had sickness absences which have delayed progress. |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 | Red Amber Green | Comment where applicable |
|-----------------|-----------|-------------------------------------|-----------------------|-----------------------------|
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Originally Planned for October 2020 Committee (continued)

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|----------------------|---|--|----------------------|-------|--|
| Academy System | To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans). | Draft report due to be issued Draft report issued | 14.08.20 | Amber | The Cluster lead for the audit is unavailable due to sickness absence. |
| | | Management response due Management response received | | | |
| | | Original Target Committee date Actual submission to Committee | 08.10.20 | | |
| Treasury Management | To provide assurance that the Council's Treasury Management procedures follow best practice and are being complied with. | Draft report due to be issued Draft report issued | 31.07.20 | Amber | Commencement delayed at request of Finance and assigned auditor had sickness absences delaying progress. |
| | | Management response due Management response received | | | |
| | | Original Target Committee date Actual submission to Committee | 08.10.20 | | |
| Bank Reconciliations | To provide assurance that the Council's main bank accounts are reconciled on a regular and timely basis and that the methodology is robust. | Draft report due to be issued Draft report issued | 15.04.20 15.04.20 | Green | |
| | | Management response due Management response received | 15.05.20 12.05.20 | Green | |
| | | Final draft issued | 13.05.20 | Green | |
| | | Management response received | 28.07.20 | Amber | |
| | | Original Target Committee date Actual submission to Committee | 08.10.20 08.10.20 | Green | |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at 27 September 2020 | Red Amber Green | Comment where applicable |
|-----------------|-----------|-------------------------------------|-----------------------|-----------------------------|
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Originally Planned for October 2020 Committee (continued)

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|------------------|---|--|----------|-------|--|
| Consilium System | To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans). | Draft report due to be issued Draft report issued | | Amber | Not yet commenced; the assigned auditor has had sickness absences which have delayed progress. |
| | | Original Target Committee date | 08.10.20 | Amber | |

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|-----------------------------------|---|--|----------|-------|--|
| Bon Accord Care Budget Monitoring | To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme. | Draft report due to be issued Draft report issued | | Amber | Not yet commenced; the assigned auditor has had sickness absences which have delayed progress. |
| | | Original Target Committee date | 08.10.20 | Amber | |