

## ABERDEEN CITY COUNCIL

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|                           |                                    |
|---------------------------|------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee |
| <b>DATE</b>               | 24 February 2021                   |
| <b>EXEMPT</b>             | No                                 |
| <b>CONFIDENTIAL</b>       | No                                 |
| <b>REPORT TITLE</b>       | Internal Audit Progress            |
| <b>REPORT NUMBER</b>      | IA/20/013                          |
| <b>DIRECTOR</b>           | N/A                                |
| <b>REPORT AUTHOR</b>      | Colin Harvey                       |
| <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 2019/20 and 2020/21 Internal Audit plans.

### 2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Reviews, discusses and comments on the issues raised within this report and Appendices A & B;

### 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<br>Planned<br>Audit<br>Status | As at 12 February 2021<br>by Original Target Committee Date |        |        |        |        |       | %age |
|---------------------------------------|---|--------|--------|--------|--------|-------|------|
|                                       | Jun 19  | Sep 19 | Dec 19 | Feb 20 | May 20 | Total |      |
| Complete                              | 2   | 8      | 6      | 5      | 4      | 25    | 92.6 |
| Draft                                 | 0   | 0      | 0      | 0      | 0      | 0     | 0    |

|                  |   |   |   |   |   |    |       |
|------------------|---|---|---|---|---|----|-------|
| Report Issued    |   |   |   |   |   |    |       |
| 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 revised 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, where these have not yet been reported to the Committee. A summary is shown in the following table.

| 2020/21 Planned Audit Status | As at 12 February 2021<br>by Original Target Committee Date |        |        |        |         |       | %age |
|------------------------------|---|--------|--------|--------|---------|-------|------|
|                              | Oct-20  | Dec-20 | Feb-21 | May-21 | Reserve | Total |      |
| Complete                     | 3   | 0      | 0      | 0      | 0       | 3     | 13%  |
| Draft Report Issued          | 0   | 0      | 0      | 0      | 0       | 0     | 0%   |
| Work in Progress             | 3   | 2      | 3      | 2      | 0       | 10    | 42%  |
| To Start                     | 0   | 0      | 0      | 3      | 0       | 3     | 13%  |
| Removal Agreed               | 0   | 0      | 0      | 0      | 8       | 8     | 33%  |
| Total                        | 6   | 2      | 3      | 5      | 8       | 24    | 100  |

3.5 Internal Audit's resources have been constrained due to the direct and indirect impacts of Covid 19 on team absence statistics, a vacant Assistant Auditor post, and a temporary vacancy arising following the retirement of the former Chief Internal Auditor. This has had an impact on the capacity of the service to complete audits in line with the target committee reporting dates originally set out in the Internal Audit Plan. The temporary vacant Senior Auditor position was filled in January 2021, which is anticipated to have a positive impact on progress with the remainder of the Plan.

**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**

| <b>Assessment</b>                        | <b>Outcome</b>  |
|--|---|
| <b>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  |

**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<br>12 February 2021 |
|-----------------|-----------|------------------------------------|
|-----------------|-----------|------------------------------------|

#### Originally Planned for December 2019 Committee

|   |   |                                |          |
|---|---|--------------------------------|----------|
| 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   | 11.12.20 |
|   |   | Final report issued            | 04.02.21 |
|   |   | Actual submission to Committee | 24.02.21 |
| 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      |

## 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<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

#### Originally Planned for October 2020 Committee

|                             |  |                 |                 |              |                 |
|-----------------------------|--|-----------------|-----------------|--------------|-----------------|
| <i>Bank Reconciliations</i> | <i>To provide assurance that the Council's main bank accounts are reconciled on a regular and timely basis and that the methodology is robust.</i> | <i>Complete</i> | <i>08.10.20</i> | <i>Green</i> | <i>Complete</i> |
|-----------------------------|--|-----------------|-----------------|--------------|-----------------|

|                               |   |                                |          |       |  |
|-------------------------------|---|--------------------------------|----------|-------|--|
| 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 | Amber |  |
|                               |   | Draft report issued            |          |       |  |
|                               |   | Original Target Committee date | 08.10.20 | Red   | <i>Audit commenced 5/6/2020; the assigned auditor has had sickness absences which have delayed progress.</i> |
| Revised Target Committee Date | 12.05.21  |                                |          |       |  |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Originally Planned for October 2020 Committee (continued)**

|  |  |  |                              |              |   |
|--|--|--|------------------------------|--------------|---|
| <i>Academy System<br/>(Revenues and Benefits<br/>System)</i> | <i>To provide assurance over system<br/>controls (to include access controls,<br/>system security and backups,<br/>interfaces, business continuity and<br/>contingency plans).</i> | <i>Original Target Committee date<br/>Actual submission to Committee</i> | <i>08.10.20<br/>09.12.20</i> | <i>Amber</i> | <i>Complete.</i>  |
| <i>Treasury Management</i>                                   | <i>To provide assurance that the<br/>Council's Treasury Management<br/>procedures follow best practice and<br/>are being complied with.</i>  | <i>Original Target Committee date<br/>Actual submission to Committee</i> | <i>08.10.20<br/>09.12.20</i> | <i>Amber</i> | <i>Complete.<br/>Commencement<br/>delayed at request of<br/>Finance and auditor<br/>sickness absences<br/>delayed progress.</i> |
| Consilium System   | To provide assurance over system<br>controls (to include access controls,<br>system security and backups,<br>interfaces, business continuity and<br>contingency plans).            | Audit Commenced<br>Draft report due to be issued<br>Draft report issued  | 14.01.21<br>08.03.21         | Amber        | <i>The assigned auditor<br/>has had sickness<br/>absences which<br/>have delayed<br/>progress.</i>                              |
|  |  | Original Target Committee date<br>Revised Target Committee Date          | 08.10.20<br>12.05.21         | Red          | The audit has now<br>commenced.   |
| Bon Accord Care Budget<br>Monitoring                         | To provide assurance over Bon<br>Accord Care's budget monitoring<br>procedures including monitoring of<br>savings programme.   | Audit Commenced<br>Draft report due to be issued<br>Draft report issued  | 03.12.20<br>18.02.21         | Amber        | <i>The assigned auditor<br/>has had sickness<br/>absences which<br/>have delayed<br/>progress.</i>                              |
|  |  | Original Target Committee date<br>Revised Target Committee Date          | 08.10.20<br>12.05.21         | Amber        |   |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Originally Planned for December 2020 Committee**

|                |  |                                |          |       |   |
|----------------|--|--------------------------------|----------|-------|---|
| Climate Change | To provide assurance that the Council is taking appropriate measures to comply with its statutory obligations in addressing climate change and that progress is being monitored. | Audit Commenced                | 18.11.20 | Amber | Commenced November 2020; <i>the assigned auditor has had sickness absences which have delayed progress.</i> |
|                |  | Draft report due to be issued  | 28.01.21 |       |   |
|                |  | Draft report issued            | tbc      |       |   |
|                |  | Original Target Committee date | 09.12.20 | Amber |   |
|                |  | Revised Target Committee Date  | 24.05.21 |       |   |

|                                   |   |                                |          |       |  |
|-----------------------------------|---|--------------------------------|----------|-------|--|
| Mental Health and Substance Abuse | To provide assurance that appropriate processes are in place to manage and record support arrangements and that expenditure is adequately controlled, including approval / management of discretionary support. | Audit Commenced                | 19.01.21 | Amber | <i>The assigned auditor has had sickness absences which have delayed progress.</i> |
|                                   |   | Draft report due to be issued  | 31.03.21 |       |  |
|                                   |   | Draft report issued            | Tbc      |       |  |
|                                   |   | Original Target Committee date | 09.12.20 | Amber | The audit has now commenced.   |
|                                   |   | Revised Target Committee Date  | 12.05.21 |       |  |



| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Planned for February 2021 Committee**

|                          |   |                                |          |       |  |
|--------------------------|---|--------------------------------|----------|-------|--|
| Financial Sustainability | To provide assurance that the Controls and Assurance Actions detailed in the Corporate Risk Register are operating as expected in ensuring that the identified risk is adequately mitigated. Where controls have been examined by Internal Audit recently, assurance will be taken from that previous work. | Audit Commenced                | 16.07.20 | Amber | <i>Commenced in July 2020. The assigned auditor has had sickness absences which have delayed progress.</i>   |
|                          |   | Draft report due to be issued  | 15.09.20 |       |  |
|                          |   | Draft report issued            | tbc      |       |  |
|                          |   | Original Target Committee date | 24.02.21 | Amber | There have been delays obtaining information due to Service priorities.  |
|                          |   | Revised Target Committee date  | 12.05.21 |       |  |
| Vehicle Replacement      | To provide assurance that the Council has an appropriate vehicle replacement policy, and that procurement complies with policy and procurement regulations / governance.  | Audit Commenced                | 21.01.21 | Amber | Commencement was delayed pending conclusion of other work. Staff changes within the Service may have an impact on capacity to progress this audit. |
|                          |   | Original Target Committee date | 24.02.21 |       |  |
|                          |   | Revised Target Committee date  | 12.05.21 |       |  |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Planned for February 2021 Committee (continued)**

|                         |   |  |   |                           |   |
|-------------------------|---|--|---|---------------------------|---|
| School / Pupil Security | <p>To provide assurance that the Council has adequate arrangements regarding school security to include those in place to:</p> <ul style="list-style-type: none"> <li>•Control access to schools</li> <li>•Ensure that knives / weapons are not brought into schools</li> <li>•Know where pupils are during the school day</li> <li>• Escort vulnerable young people</li> </ul> | <p>Audit Commenced<br/>Draft report due to be issued<br/>Draft report issued</p> <p>Original Target Committee date<br/>Revised Target Committee date</p> | <p>02.11.20<br/>31.12.20</p> <p>24.02.21<br/>12.05.21</p> | <p>Amber</p> <p>Amber</p> | <p><i>Commenced November 2020, access and Service availability is restricted due to Covid 19.</i></p> <p>Due to revised Covid measures applicable between December 2020 and February 2021, the Service does not have capacity to assist Internal Audit's review at this time.</p> |
|-------------------------|---|--|---|---------------------------|---|

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Planned for May 2021 Committee**

|                            |  |                                |          |       |  |
|----------------------------|--|--------------------------------|----------|-------|--|
| Capital Project Management | To provide assurance that the management and reporting of on-going capital projects is adequate and that appropriate post completion reviews are completed so that lessons learned can be recorded and acted upon. | Original Target Committee date | 12.05.21 | Amber | Commencement has been delayed pending conclusion of other work, which may put achieving the target committee date at risk. |
|----------------------------|--|--------------------------------|----------|-------|--|

|                  |   |                                |          |       |  |
|------------------|---|--------------------------------|----------|-------|--|
| Teachers Payroll | To provide assurance that all aspects of payroll administration are adequately controlled and that payment is being made accurately to bona fide employees. To cover new starts, change of circumstance, and leavers along with the payment of additional hours and allowances. | Original Target Committee date | 12.05.21 | Green |  |
|------------------|---|--------------------------------|----------|-------|--|

|                                      |   |                                |          |       |  |
|--------------------------------------|---|--------------------------------|----------|-------|--|
| Housing Waiting List and Allocations | To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy. | Original Target Committee date | 12.05.21 | Green |  |
|--------------------------------------|---|--------------------------------|----------|-------|--|

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>12 February 2021 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Planned for May 2021 Committee (continued)**

|  |   |   |   |                        |  |
|--|---|---|---|------------------------|--|
| Health & Safety Arrangements in Operations and Protective Services | <p>To provide assurance that appropriate processes are being employed in managing health and safety within the Cluster. This follows on from a corporate review and is intended to provide assurance that corporate processes are being employed in managing the risks.</p> <p>This review will also cover two aspects of public safety – water safety and cemetery headstones – to provide assurance that the Council has appropriate arrangements in place to manage these areas.</p> | <p>Audit Commenced<br/>Draft report due to be issued<br/>Original Target Committee date</p> | <p>19.01.21<br/>31.03.21<br/>12.05.21</p> | <p>Green<br/>Green</p> |  |
| Timesheets and Allowances  | <p>To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.</p>  | <p>Audit Commenced<br/>Original Target Committee date</p>                                   | <p>29.01.21<br/>12.05.21</p>              | <p>Green</p>           |  |