

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 June 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/21/004
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 2020/21 and 2021/22 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 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, and changes to the Council's risk profile as a result, 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. Progress against the plan has been reported to each subsequent meeting of the Committee.
- 3.2 Appendix A to this report shows progress with audits contained in the 2020/21 plan which have still to be concluded and reported to the Committee. A summary is shown in the following table:

2020/21 Planned Audit Status	As at 31 May 2021					%
	by Original Target Committee Date					
	Oct-20	Dec-20	Feb-21	May-21	Total	
Complete	4	1	1	1	7	44%
Draft Report Issued	1	0	0	2	3	19%
Work in Progress	1	1	2	1	5	31%
To Start	0	0	0	1	1	6%
Total	6	2	3	5	16	100

- 3.3 The Internal Audit plan for 2021/22 was approved by the Audit, Risk and Scrutiny Committee on 24 February 2021. The plan included an indicative date by when it was planned to report each audit to Committee.
- 3.4 Appendix B to this report shows progress with audits contained in the 2021/22 plan. A summary is shown in the following table:

2021/22 Planned Audit Status	As at 31 May 2021						%
	by Original Target Committee Date						
	Jun- 21	Sep- 21	Dec- 21	Feb- 22	May- 22	Total	
Complete	0	0	0	0	0	0	0%
Draft Report Issued	0	0	0	0	0	0	0%
Work in Progress	2	0	0	0	0	2	10%
To Start	0	3	4	6	6	19	90%
Total	2	3	4	6	6	21	100

- 3.5 The Internal Audit plan for 2021/22 also included elements of consultancy and support work. A summary of progress with these activities is set out in Appendix C to this report.
- 3.6 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 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 for 2020/21.
- 3.7 It is anticipated that the ongoing permanent Chief Internal Auditor recruitment process will be concluded in August 2021. In the interim, acting-up arrangements have been put in place within the team, recruitment of Assistant Auditors is nearing conclusion, and resources have been allocated in the 2021/22 Internal Audit Plan to conclude the remaining 2020/21 work.

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
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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 2020/21 Internal Audit Plan
- 9.2 Appendix B – Progress with 2021/22 Internal Audit Plan
- 9.3 Appendix C – 2021/22 Internal Audit Consultancy Work

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
colin.harvey@aberdeenshire.gov.uk
(01467) 530701

APPENDIX A

PROGRESS WITH 2020/21 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 May 2021	Red Amber Green	Comment where applicable
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Originally Planned for October 2020 Committee

Consilium System	To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans).	Audit Commenced Draft report due to be issued Draft report issued	14.01.21 08.03.21 tbc	Amber	<i>The assigned auditor has had sickness absences which have delayed progress.</i>
		Original Target Committee date Revised Target Committee Date	08.10.20 29.09.21	Red	Work in progress.
Bon Accord Care Budget Monitoring	To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.	Audit Commenced Draft report due to be issued Draft report issued Service response	03.12.20 18.02.21 26.05.21 tbc	Amber	<i>The assigned auditor has had sickness absences which have delayed progress.</i>
		Original Target Committee date Revised Target Committee Date	08.10.20 30.06.21	Red	The report will need to be considered by BAC before AR&S. Content and scheduling tbc.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 April 2021	Red Amber Green	Comment where applicable
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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	<i>Commenced November 2020; the assigned auditor has had sickness absences which have delayed progress.</i>
		Draft report due to be issued	28.01.21		
		Draft report issued	17.05.21		
		Service response	02.06.21		
		Final report agreed	18.06.21		
		Original Target Committee date	09.12.20	Amber	Complete
		Revised Target Committee Date	30.06.21		
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	Work in progress.
		Revised Target Committee Date	29.09.21		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 April 2021	Red Amber Green	Comment where applicable
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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	16.03.21		
		Draft report discussed with management	01.04.21		
		Final report agreed	17.06.21		
		Original Target Committee date	24.02.21	Amber	Complete.
		Revised Target Committee date	30.06.21		
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	<i>Commencement was delayed pending conclusion of other work.</i> Work in progress
		Original Target Committee date	24.02.21		
		Revised Target Committee date	29.09.21		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 April 2021	Red Amber Green	Comment where applicable
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Planned for February 2021 Committee (continued)

School / Pupil Security	To provide assurance that the Council has adequate arrangements regarding school security to include those in place to: •Control access to schools •Ensure that knives / weapons are not brought into schools •Know where pupils are during the school day • Escort vulnerable young people	Audit Commenced Draft report due to be issued	02.11.20 31.12.20	Amber	<i>Commenced November 2020, access and Service availability is restricted due to Covid 19.</i> Due to revised Covid measures applicable between December 2020 and February 2021, the Service did not have capacity to assist Internal Audit's review. The Service has been asked to provide a revised date for work to recommence.
		Original Target Committee date Revised Target Committee date	24.02.21 29.09.21	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 April 2021	Red Amber Green	Comment where applicable
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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 Revised Target Committee date	12.05.21 29.09.21	Amber	Not yet commenced pending conclusion of other work.
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.	Audit Commenced Draft report issued Service response Final report agreed Original Target Committee date Revised Target Committee date	08.02.21 26.04.21 11.05.21 08.06.21 12.05.21 30.06.21	Amber	Complete
Housing Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.	Audit Commenced Draft report issued Original Target Committee date Revised Target Committee date	17.03.21 18.05.21 12.05.21 29.09.21	Amber	The draft report has been issued to the Service for comment.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 April 2021	Red Amber Green	Comment where applicable
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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 Draft report due to be issued Draft report issued</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>19.01.21 31.03.21 12.05.21</p> <p>12.05.21 29.09.21</p>	Amber	The draft report has been issued to the Service for comment.
Timesheets and Allowances	To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.	<p>Audit Commenced Draft report issued</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>29.01.21 01.06.21</p> <p>12.05.21 29.09.21</p>	Amber	Work in progress.

APPENDIX B

PROGRESS WITH 2021/22 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 May 2021	Red Amber Green	Comment where applicable
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Originally Planned for June 2021 Committee

IT Infrastructure Resilience	To obtain assurance over the procurement and adequacy of the Council's IT infrastructure systems.	Audit Commenced Draft report due to be issued Revised Target Committee date	02.05.21 23.07.21 29.09.21	Amber	Temporarily suspended pending the new CO – Digital & Technology commencing in post.
Licensing Income	To provide assurance over the processes in place for controlling income from licensing applications.	Audit Commenced Revised Target Committee date	28.05.21 29.09.21	Amber	Work in progress.

APPENDIX C

2021/22 INTERNAL AUDIT CONSULTANCY WORK

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 May 2021
Compliance with Procurement Regulations	To support the Commercial and Procurement Shared Service in developing its controls and approach to improving compliance with procurement requirements.	Initial discussions have commenced with Commercial and Procurement Shared Services.
Cyber Security	To support the Digital and Technology Service in obtaining assurance and further developing controls over the Council's Cyber Security arrangements.	Initial discussions have commenced with the new CO - Digital and Technology with a view to identifying areas where Internal Audit input might add value.
Social Care System controls and readiness for deployment	To support the Digital and Technology Service in its development of controls in respect of the new social care system.	Discussions have commenced with Digital and Technology and key service officers to highlight the key controls anticipated within the new system and obtain assurance these are being considered at appropriate stages of system development.