

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	2 December 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Recommendations
REPORT NUMBER	IA/21/012
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of progress made by Services with implementing recommendations that have been agreed in Internal Audit reports.

2. RECOMMENDATIONS

- 2.1 The Committee is requested to review, discuss and comment on the contents of this report and the attached appendices.

3. BACKGROUND / MAIN ISSUES

- 3.1 The Public Sector Internal Audit Standards require that Internal Audit monitors the implementation of agreed recommendations until they are implemented by management. The Corporate Management Team and the Audit, Risk and Scrutiny Committee receive a report from Internal Audit at each of their meetings which shows progress made.
- 3.2 However, circumstances may change following completion of an Internal Audit. Having investigated implementation more fully, a recommendation may, for example, take longer to implement, or the cost of implementation may be higher, than originally anticipated. In these circumstances either more time may be required, or management may conclude, based on the risk to the organisation, that the recommendation should no longer be implemented. Where this is the case, management will make recommendations regarding how the agreed recommendation should be treated.
- 3.3 The attached appendices show progress made by Services with completing agreed Internal Audit recommendations falling due up to the end of October 2021, based on assurances received from officers tasked with their implementation and independent checks where appropriate. All actions are due at the end of the specified month – e.g. 31 October 2021.
- 3.4 Where recommendations have not been completed by their original due

date, reasons are provided along with recommendations from management (where appropriate) regarding how and when the agreed Internal Audit recommendation will be concluded or whether it should no longer be implemented.

- 3.5 Management has noted that implementation of several recommendations has been delayed due to the impact of the Covid-19 pandemic. This is to be anticipated. It is appropriate for the organisation to reallocate resource to address risks posed by the pandemic where those risks outweigh the risks of not completing some outstanding recommendations.

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. Those not implemented by their agreed due date are detailed in the attached appendices.

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 for Committee to review, discuss and comment on the outcome of an internal audit. 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	Not required

Assessment	
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9. APPENDICES

9.1 Appendix A – Position with Agreed Recommendations

9.2 Appendix B – Grading of Recommendations

10. REPORT AUTHOR DETAILS

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APPENDIX A

Contents:

- 1) Agreed actions Completed during 2021/22
- 2) Agreed actions Completed since last reported to Committee
- 3) Overdue actions by Function and Grading
- 4) Significant actions Overdue by more than 6 months
- 5) Significant actions Overdue by less than 6 months
- 6) Important actions Overdue by more than 6 months
- 7) Important actions Overdue by less than 6 months

INTERNAL AUDIT RECOMMENDATIONS

1) Agreed actions completed during 2021/22

Complete during current financial year

01/04/2021

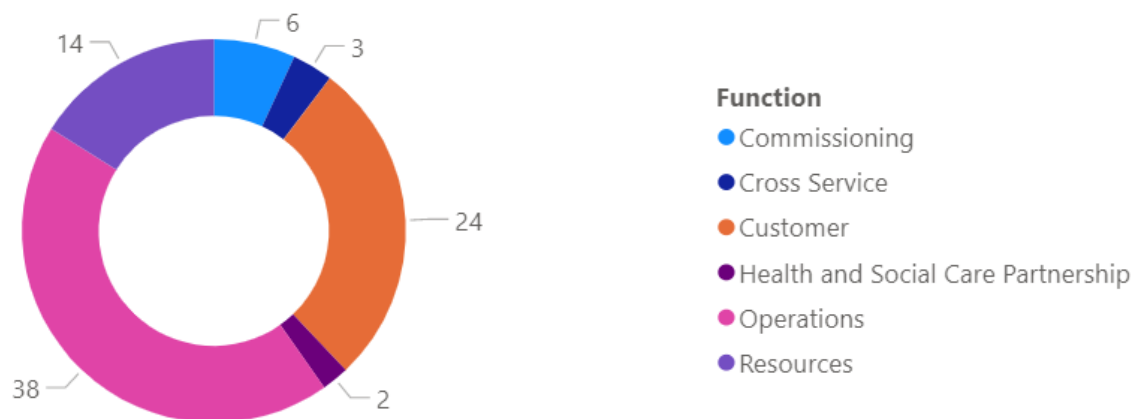
23/11/2021



Total Complete

87

Number of recommendations by Service



Function	1) Important	2) Significant	3) Major - Service	4) Major - Corporate	Total
Commissioning		4		2	6
Cross Service		3			3
Customer	9	15			24
Health and Social Care Partnership	1	1			2
Operations	7	30	1		38
Resources	6	8			14
Total	23	61	1	2	87

2) Agreed actions completed since last reported in September 2021

Complete since last Committee

17/09/2021

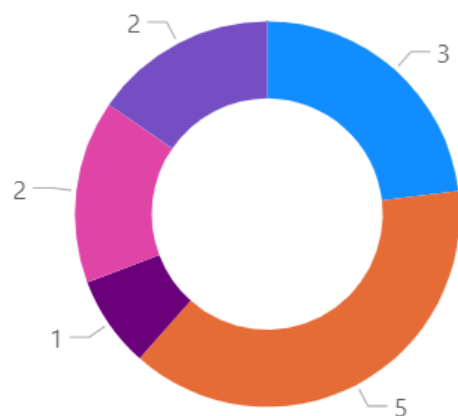
23/11/2021



Total Complete

13

Number of recommendations by Service



Function

Commissioning

Customer

Health and Social Care Partnership

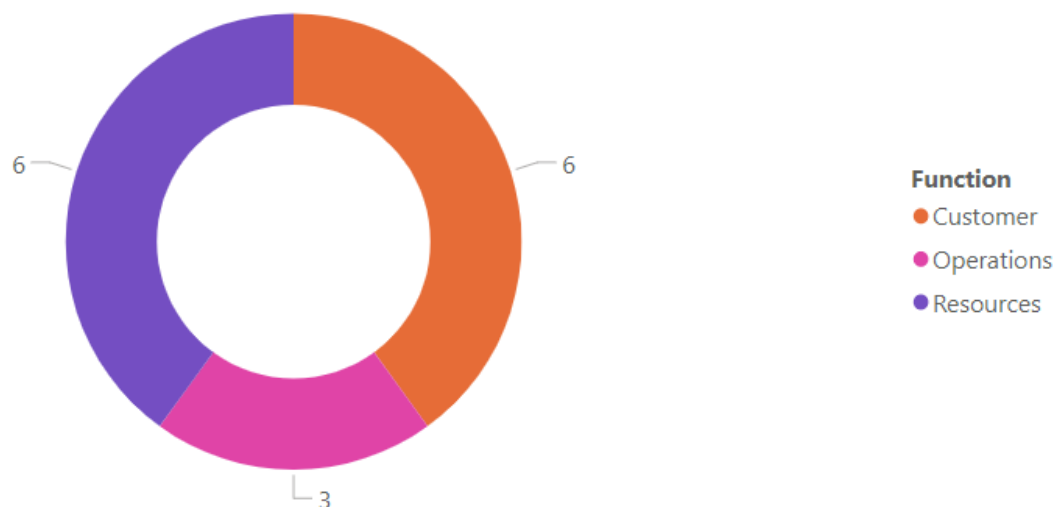
Operations

Resources

Function	1) Important	2) Significant	Total
Commissioning		3	3
Customer	1	4	5
Health and Social Care Partnership		1	1
Operations		2	2
Resources		2	2
Total	1	12	13

3) Overdue actions – by Service and Grading – due on or before 31 October 2021

Number of recommendations by Service



Total overdue

15

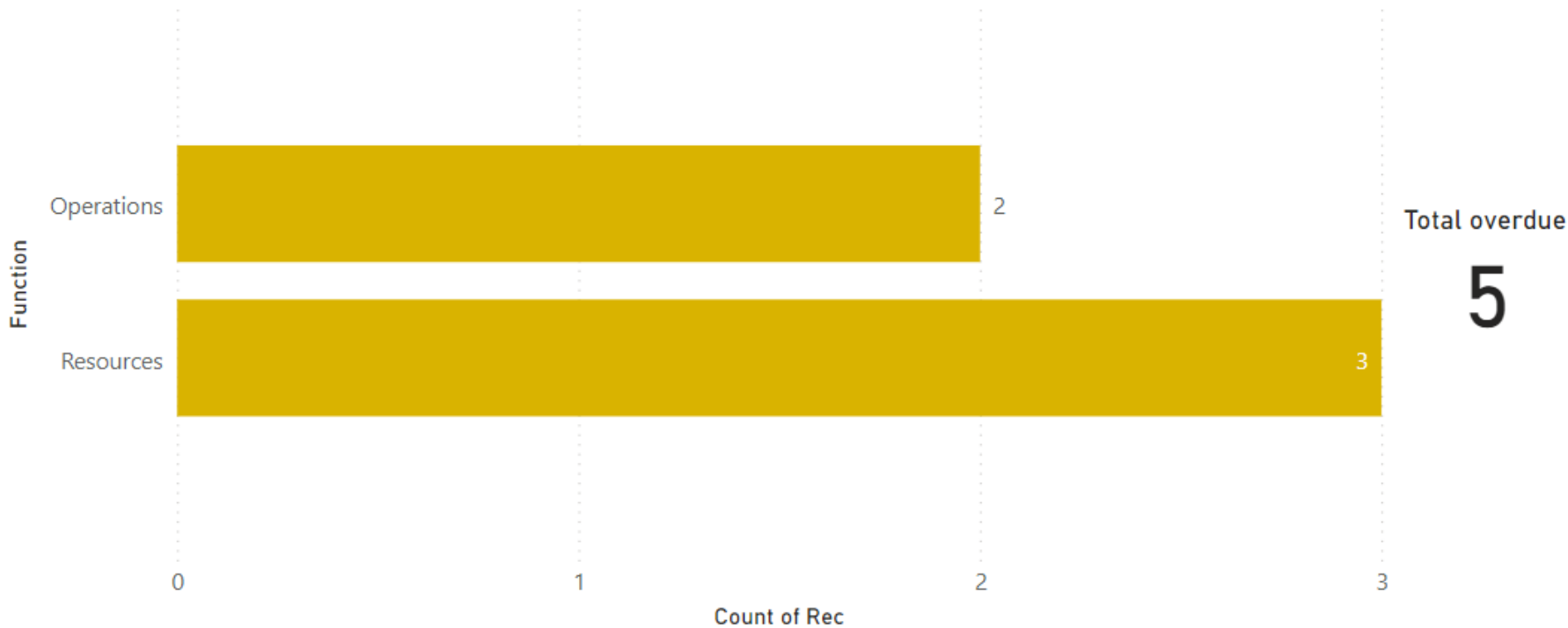
Function	1) Important	2) Significant	Total
Customer	3	3	6
Operations		3	3
Resources	1	5	6
Total	4	11	15

Function	a) Less than six months	b) Over six months	c) Over one year
Customer	5		1
Operations	1	1	1
Resources	2	4	
Total	8	5	2

4) Significant Overdue actions in excess of 6 months – Summary

Number of Significant recommendations overdue by more than 6 months by Function

Grading_ ● 2) Significant



Significant Overdue actions in excess of 6 months – Detail

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Integrated Children's and Family Services	AC2021 - SEEMIS	2.4.10b: Required Data Sharing Agreements will be developed where not in place. (Significant within audited area)	Sep-20	Dec-21	<p>The Service last noted that this is progressing but as it involves a number of partners with whom there are ongoing discussions regarding data sharing arrangements this has been delayed and would now be completed by March 2021.</p> <p>Work continues to put this in place, however it has not progressed as quickly as hoped. Completion is now anticipated by the end of December 2021.</p> <p>Data sharing agreements are in place with key partners – two remain to be resolved and are being progressed.</p>	In progress	3

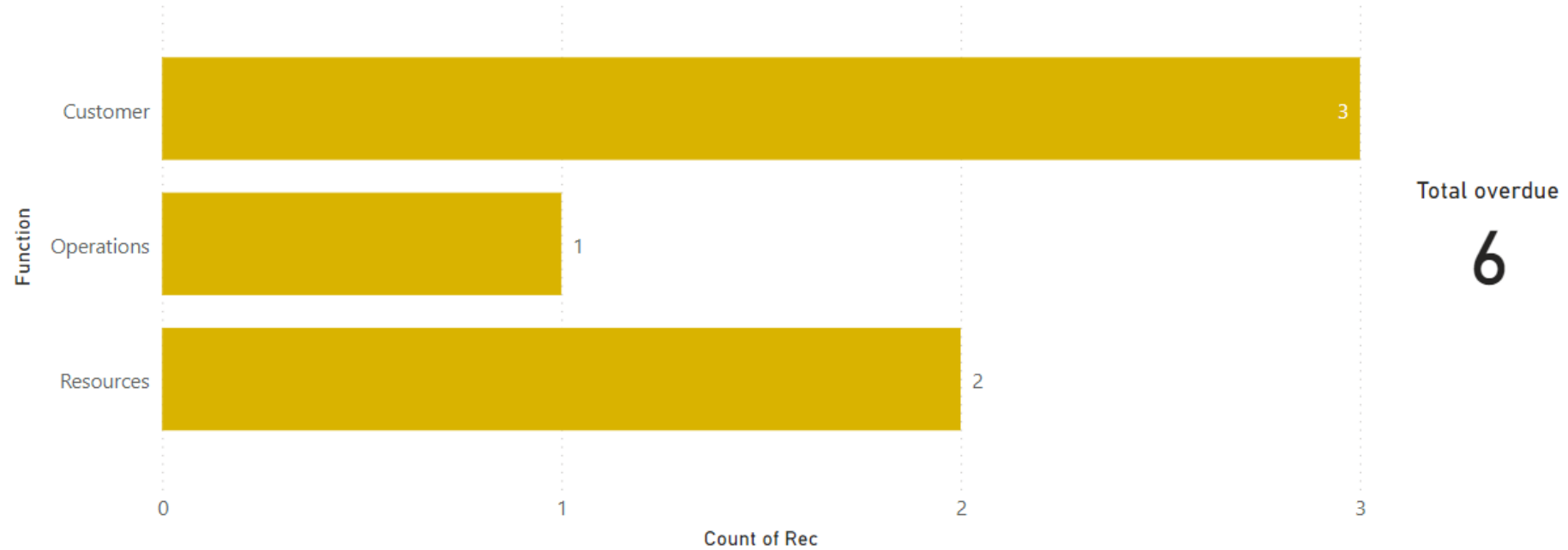
Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Operations and Protective Services	AC2013 - School Catering Income & Procurement	2.4.4: The Service should work with Commercial and Procurement Services to progress the tendering process for a cashless catering contract. (Significant within audited area)	Dec-20	Feb-22	The Scotland Excel framework for Online School Payments, Cashless Catering, Kitchen Management and Nutritional Analysis Systems was awarded by Scotland Excel on 29 October 2021. As an alternative to procuring through Scotland Excel, the service had been asked by Digital & Technology (D&T) colleagues to engage with our partners at Microsoft to determine whether they could build a suitable replacement system for the service. Following meetings with Microsoft where they were given the system scope, D&T colleagues have advised that although it is feasible for Microsoft to build such a system, because of the complexity of the system requirements, priority could not be given currently but it could be visited as an option later in the digital roadmap. As such, the Service will take a Procurement Business Case to the Demand Management Control Board on 13 December 2021 seeking to progress via the Scotland Excel Framework and, if approved, to the Strategic Commissioning Committee meeting of 24 February 2022.	In progress	7
Resources: Corporate Landlord	AC2017 - Industrial & Commercial Properties	2.2.2: The Service should update the Property Estates Strategy. (Significant within audited area)	Apr-21	Jul-23	An extension to the April 2021 implementation date has been given until July 2023 to allow the Property Strategy to be determined when post covid 19 market conditions and needs are clearer.	In progress	1

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: Finance	AC2009 - Travel Policy	2.4.4b: Ensuring value for money with the Travel Partnering arrangements and other significant supplies will be incorporated into the procurement compliance review (Significant within audited area)	Dec-20	Dec-21	<p>There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual.</p> <p>The travel partnering review has been deferred due to Covid. It was considered that we should see what the travel footprint looked like post-Covid more closely before re-procuring travel arrangements. This will be completed by December 2021.</p>	In progress	1
Resources: Finance	AC2009 - Travel Policy	2.4.6: The Council should ensure that action is taken to comply with its Procurement Regulations in respect of travel related expenditure (Significant within audited area)	Dec-20	Mar-22	<p>There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual.</p> <p>The procurement compliance review has been deferred due to Covid. A revised date of July 2021 was proposed.</p> <p>After ongoing resource prioritisation to other activities and lower levels of travel the recommendation remains outstanding. Looking forward the Chief Officer confirms that the date for addressing this recommendation should be March 2022. The team has engaged with the Commercial & Procurement Service to ensure that the appropriate actions are taken to achieve this.</p>	In progress	2

5) Significant Overdue actions less than 6 months – Summary

Number of recommendations overdue by less than 6 months by Function and Grading

Grading_ ● 2) Significant



Significant Overdue actions less than 6 months – Detail

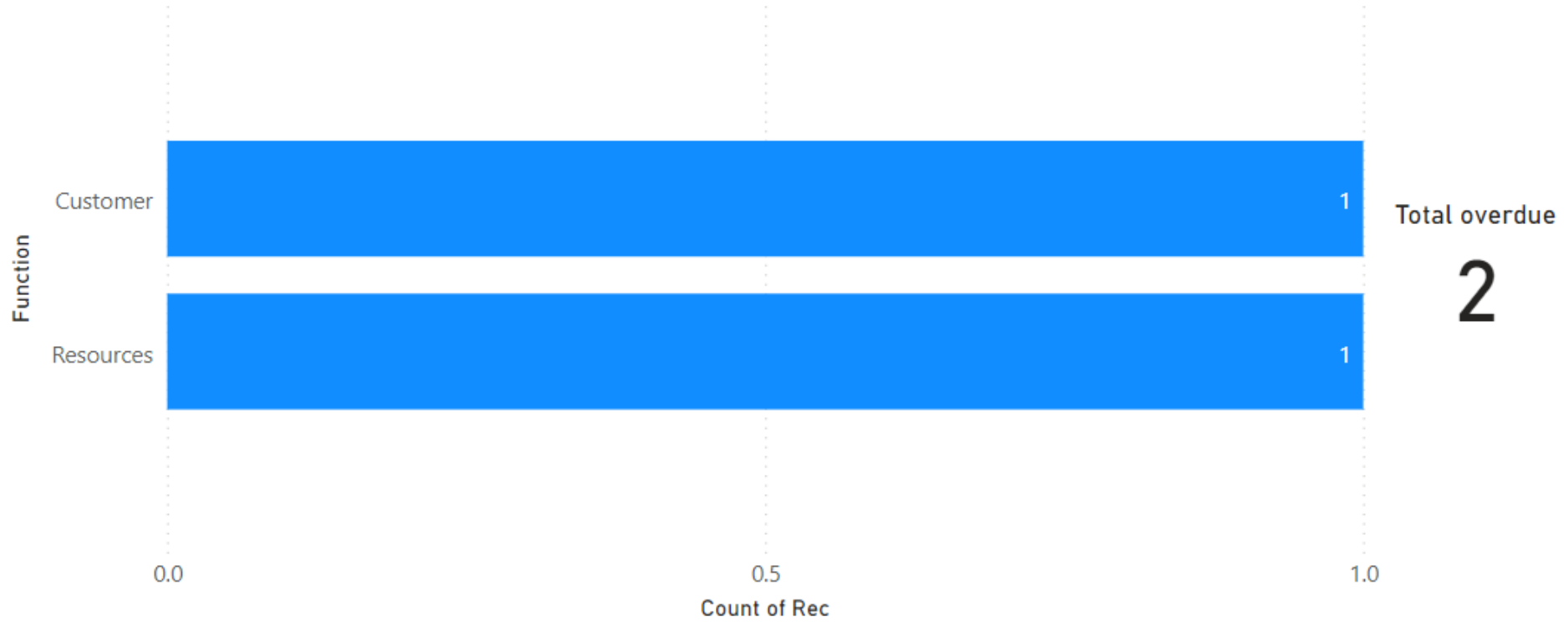
Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Integrated Children's and Family Services	AC2028 - Fostering, Adoption & Kinship	2.1.6: The Service should review whether all payments can be controlled via the CareFirstsystem. (Significant within audited area)	Aug-21	Jun-22	While the Service had considered this option the current Carefirst / Carepay system is limited and cannot be adapted at present. A new system is being devised, to which the service will contribute to ensure that the payments system is streamlined. It was expected the new system would be available by now however further delays have been incurred and the new system is now not likely to be available until April 2022 with subsequent training of staff expected to result in the system being fully functional by June 22.	In progress	4
Resources: Finance	AC2104 - Financial Sustainab ility	2.2.24: The Service should ensure that progress with implementing Financial Sustainability risk control actions, and the extent to which each action contributes to reducing risk scores, is clearly supported. (Significant within audited area)	Sep-21	Dec-21	Service confirmed this action is in progress and expected to be completed by end of December 2021.	In progress	2
Resources: Finance	AC2104 - Financial Sustainab ility	2.3.52: The Service should ensure that the control elements referred to in the Finance Cluster Assurance Map are adequately understood and can be easily referenced. (Significant within audited area)	Sep-21	Dec-21	Service confirmed this action is in progress and expected to be completed by end of December 2021.	In progress	2

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Early Intervention and Community Empowerme nt	AC2117 - Housing Waiting List and Allocatio ns	2.2.11: Evidence supporting housing decisions and communication to applicants should be retained. (Significant within audited area)	Sep-21	Sep-21	The Service has advised that the system has been updated to create a weekly report of letters sent with applicant decisions that can be retained against each application. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	
Customer: Early Intervention and Community Empowerme nt	AC2117 - Housing Waiting List and Allocatio ns	2.3.3: The outcome of application reviews should be recorded. (Significant within audited area)	Sep-21	Sep-21	The Service has noted that the procedure has been updated to ensure information is recorded when a review takes place. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	
Customer: Early Intervention and Community Empowerme nt	AC2117 - Housing Waiting List and Allocatio ns	2.4.3: A system of review should be established for housing applicant positions on Council Housing Lists and where housing applicants are bypassed for housing offers. (Significant within audited area)	Sep-21	Sep-21	The Service has advised that a QA&PM report is now produced weekly for audit checks. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	

6) Important Overdue actions in excess of 6 months – Summary

Number of Important recommendations overdue by more than 6 months by Function

Grading_ ● 1) Important



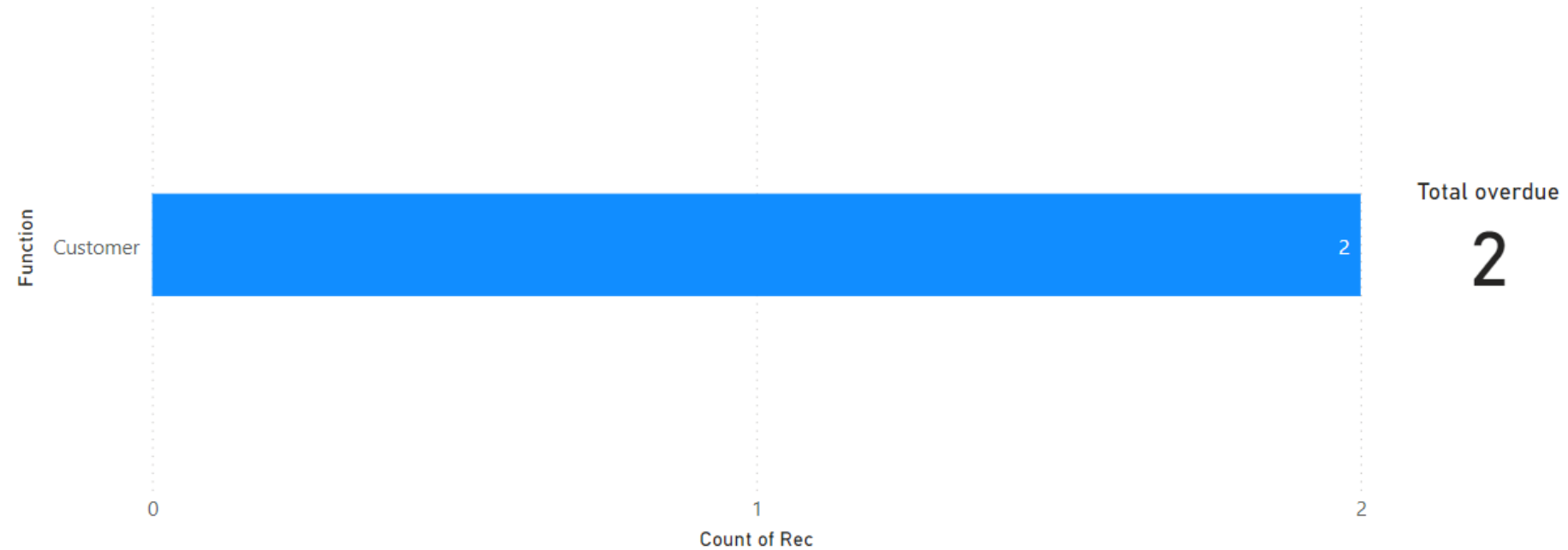
Important Overdue actions in excess of 6 months – Detail

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Finance	AC2012 - Cash Collection Offices	2.9.2b: The Chief Officer – Finance in consultation with the Chief Officer – Corporate Landlord will review the inventory arrangements outlined within the Financial Regulations and design a new process for the management of inventories. (Important within audited area)	Jun-20	Mar-22	<p>The Committee was last advised that the inventory arrangements were updated in the Financial Regulations updated in March 2020 that set the principles for the new process. Due to other priorities in the Finance Cluster as a result of Covid, this process has been delayed. In addition, managing inventory during the pandemic with significant changes for staff in their operational places of work has required reconsideration of the process. It was proposed that the action completion date is moved to March 2021.</p> <p>It was subsequently proposed that the action completion date is moved to June 2021.</p> <p>Prioritisation of this action will be changed to ensure a procedure is in place for the end of the financial year, March 2022</p>	In progress	3
Resources: Corporate Landlord	AC2017 - Industrial & Commercial Properties	2.2.14: The Service should consider whether different approaches to property management could be applied across parts of the Investment Portfolio which might increase Portfolio income and deliver Portfolio objectives more efficiently and effectively. (Important within audited area)	Apr-21	Dec-21	An Extension has been requested until December 2021 to allow the Service to take forward the review of the commercial estate as part of Transformational Board activities under more settled market conditions.	In progress	1

7) Important Overdue actions less than 6 months – Summary

Number of recommendations overdue by less than 6 months by Function and Grading

Grading_ ● 1) Important



Important Overdue actions less than 6 months – Detail

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Early Intervention and Community Empowerme nt	AC2117 - Housing Waiting List and Allocatio ns	2.1.2: System guidance should be reviewed and updated. (Important within audited area)	Sep-21	Nov-21	The Cluster has advised that due to the service transformation system guidance will be updated once it is known how the systems will be developed as there will be some significant changes. The recommendation has been extended to November 2021.	In progress	1
Customer: Early Intervention and Community Empowerme nt	AC2117 - Housing Waiting List and Allocatio ns	2.1.4: Housing Officer tasks should be formalised within detailed procedures. (Important within audited area)	Sep-21	Sep-21	The Service has advised that training guides have been created for the Allocations Officer role. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	

APPENDIX B

Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level / within audited area	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.