Internal Audit

Aberdeen City Council
Internal Audit Plan
2023-26

Contents

1 Executive Summary

1.1 Introduction and background

Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control, and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Council, involving the examination and evaluation of the adequacy of systems of risk management, control, and governance.

The purpose of this report is to seek approval of the attached Internal Audit plan for 2023-2026.

All audits included in the attached plan, as well as those in future plans, will help inform Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control, which is expressed in an annual report, and provide assurance to the Audit, Risk and Scrutiny Committee. Where opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider.

1.2 Management commentary

Management welcomes this risk-based Internal Audit Plan, setting our internal audit activities over a three-year period. It is likely that, during this period, the political landscape, risk environment and financial backdrop will continue to develop, and that the Council will face significant challenges in the delivery of critical services, both institutionally and to the city. The Committee will welcome the opportunity to revisit the Plan annually to ensure that it reflects our risk appetite and delivers the required assurance on the priority areas for the Council.

The incorporation of wider assurance audits is also welcomed and management will work with Internal Audit to refine the developing approach to these, within the overarching purpose of adding value in these areas of work.

Internal Audit continue to prioritise engagement with management on audit scoping, fieldwork, and the finalising and closing off of audit recommendations. We have every expectation that the three-year audit plan will continue this approach.

2 Internal Audit Plan

2.1 Plan development

In previous years, as agreed with the Audit, Risk and Scrutiny Committee on 26 June 2018, a single-year Plan has been set out for the Committee's approval. This provided clarity over planned work during each financial year, as changes in the risk environment were often less pronounced over a shorter period. However, this provided less opportunity for the Committee to gain an understanding of the wider context or 'audit universe'. In addition, the Plan was regularly not concluded in full during the financial year to which it originally referred – due to changes in priority, risks, and resources.

There was therefore scope to develop and extend planning to provide a clearer picture of Internal Audit's work and priorities, and to provide flexibility in timing of elements of that work, over an extended period. Therefore, from 2022, the Committee approved a rolling three year plan, with the recognition that this would still be assessed each year and updates made as required.

The Plan for 2023-26 is set out at Appendix 1. The planned work with the Aberdeen City Integration Joint Board and North East Scotland Pension Fund has also been included

In formation of the plan, Internal Audit:

- **Reviewed historic audit outputs** – The initial planning stage involved a review of completed work from across the previous years. This looked to gauge the assurance that had been obtained recently and develop a baseline that could be built upon with the current plan. Where it is hoped that the greatest coverage can be obtained in a single year, this is not always possible, so instead it will be ensured that there has been coverage over a number of years, both previously and forward looking.
- **Reviewed the agreed Plan for 2022-25** – In addition to the review of previous assurance work, the agreed plans for 2023/24 and 2024/25, approved as part of the 2022-2025 plan overall, were reviewed. This is the starting position for the current plan; however this has changed based on developments in year and the changing risk profile of the Council.
- **Reviewed Management's progress in implementing agreed audit recommendations** – A review of the work of Management to implement audit recommendations . This looked to identify any areas where management has struggled to implement agreed actions, and where the risks remain, for these to be factored into the audit plan.
- **Reviewed different sources of information** – A suite of information, primarily Committee reporting, was reviewed to further develop Internal Audit's understanding of the operations and issues of the Council.
- **Reviewed information from other assurance providers** – Discussions were held and reports reviewed from other assurance providers, primarily External

Audit. This looked to ensure minimal overlap, whilst also recognising that Internal Audit is required to gain its own assurances year on year.

- **Held discussion with key stakeholders** – Discussions were held with key stakeholders across the Council, including but not limited to directors, chief officers, and councillors. These discussions focused on three key areas:
    - Key risks within the auditable area.
    - Any recent or upcoming developments.
    - Suggestions for assurance reviews, including value adding pieces of work.
- **Benchmarked against other Scottish Local Authorities** – A review of the Internal Audit plans for other Local Authorities as per their Committee reporting available online. This looked to gain an understanding of issues being faced by other Local Authorities and identify any auditable areas for Aberdeen City Council.
- **Mapped to the Council's functional structure** – The proposed Internal audit Plan, for 2023-24, has been mapped to the Council's functional structure to ensure the maximum possible coverage of Council's operations. Please see Appendix 2.
- **Mapped to the Council's risk register** – A review of the Council's risk register was carried out, focusing on the Corporate and Cluster levels, and those risks that are currently outwith appetite. This resulted in the identification of eight key risk themes that have been used for ensuring appropriate coverage of different areas across Council operations. Please see Appendix 3.

The plan details what Internal Audit anticipates being able to review in the year, assuming stability in resources available to the Service. The plan is flexible and can be amended to reflect changes in priority or because of new risks being introduced or identified, although consideration needs to be given to the requirement for Internal Audit to complete sufficient work to provide an evidence based annual opinion. Internal Audit will continue to review the Council's risk registers and update its own risk assessments based on audit findings, throughout the Plan's term.

All audits included in the attached plan are part of a rolling programme of work, each element of which will help inform Internal Audit regarding the adequacy and effectiveness of the Council's framework of governance, risk management and control, allowing assurance to be provided regarding those arrangements. Where opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider. This is the priority of the work however where there are opportunities to provide value adding work, this has been factored into the plan.

The time allocation for all audits assumes that systems to be reviewed are adequately documented, detailing the controls put in place by management, and that testing identifies that these controls are being complied with. If this is not the case, there will be an impact on the time taken to review planned areas and on the plan's achievability.

The Plan also includes time set aside to assist services in developing their controls and approach to improving compliance. This reflects continuing development of a more proactive value-added approach by Internal Audit, to supplement the more traditional core compliance-oriented audit work. For these elements of the Plan there will not be a separate Internal Audit report to the Audit Risk and Scrutiny Committee. Highlights from this work will however be provided as part of the regular Internal Audit progress reports provided to the Committee.

With approval of the plan, we will work with individual directorates and services to schedule the audit work for the year. This will look to match our internal resourcing but also ensure that it is suitable for those relevant stakeholders across the Council. We will look to ensure that management are not inundated with consecutive audits and that fieldwork, where most input is required, is at a time which does not clash with other priorities or commitments.

2.2   Undertaking planned work

When commencing each planned audit, Internal Audit contacts the Director and Chief Officer responsible for the area to be reviewed along with any other nominated contact officer. They are reminded of the objective and scope of the review and of how Internal Audit intends to achieve the level of assurance required. Officers are invited to identify any specific aspects of the area to be reviewed that are of particular concern- and all of this is factored into the agreed scoping document. Once fieldwork has been completed, a draft report is issued to the Director and Chief Officer responsible for the area to be reviewed along with any other nominated contact officer. Prior to issuing the final report, Internal Audit seeks confirmation from the Director involved that they are satisfied with the report and actions agreed to address any identified issues.

Whilst undertaking planned work, it is possible that Internal Audit may identify governance issues that are not within the stated scope of the review being undertaken. Public Sector Internal Audit Standards require that Internal Audit report such instances to those charged with governance. In this respect, Internal Audit's reports may contain issues that appear to be "outwith scope".

2.3   Resources

To undertake the attached plan, Internal Audit has an establishment of thirteen posts. It is anticipated that this will be split between Aberdeenshire and Aberdeen City councils on a 2:1 ratio.

3 Appendix 1 – 2023-26 Internal Audit Plan

The below table sets out the Internal Audit Plan for 2023-26. The Plan should be read with the following considerations:

- Where each audit has been mapped to a Function (and a Cluster at Appendix 2), some audits will cut across many different areas of the Council's operations. During the scoping, fieldwork and reporting stages, Internal Audit will engage all officers as relevant regardless of the area the audit has been assigned to.
- The same is applicable for the mapping to the Council's risk categories. This is to show that consideration has been given to ensuring the Plan addresses the myriad of risks across the Council's operations but individual audits will cut across many different risk categories; the principal risk has been shown below for ease of review.
- Core assurance audits are the typically traditional compliance based reviews that are the foundation for the annual opinion provided by the Chief Internal Auditor. Wider assurance audits are reviews that will focus more on value adding work. Whilst mapping has been provided to show a split in the Plan for the year, the type of review is not exclusive and Internal Audit will ensure that all work contributes to the annual opinion, whilst also adding value where possible.

The planned work with the Aberdeen City Integration Joint Board and North East Scotland Pension Fund for 2023-26 is also presented.

Function	Auditable Area	Objective	Principal Risk	Assurance
2023/24				
Commissioning	Procurement Compliance	To obtain assurance that the Council has appropriate arrangements in place, that are being complied with, to ensure compliance with procurement legislation and internal regulations.	Compliance	Core
Commissioning	Environmental Action	To obtain assurance over the monitoring and implementation of the Council's Environmental Action and any related plans.	Environment	Wider
Commissioning	City Region Deal	To provide assurance over the governance and financial spend of the City Region Deal.	Operational	Core
Customer	PREVENT	To ensure the Council has adequate arrangements in place to deliver requirements under the PREVENT duty.	Compliance	Core
Customer	Cyber Controls	To obtain assurance over the implemented control framework in relation to the Council's cyber resilience.	Operational	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Customer	GDPR	To ensure the Council has adequate arrangements in place, that are understood throughout the organisation, to protect the Council's information.	Compliance	Core
Customer	Attendance Management	To obtain assurance over compliance with the corporate policy and determine whether the Council's absence improvement plan is having a positive impact on attendance.	Operational	Core
Customer	Recruitment	To evaluate the adequacy and effectiveness of internal controls over the recruitment processes	Operational	Core
Customer	Volunteer Arrangements	To ensure the Council is operating an effective control framework regarding the engagement of voluntary services.	Operational	Wider
Children's and Family Services	Secondary Schools Visits	To ensure schools have adequate procedures in place to manage the financial aspects of the establishment and comply with the Council's Financial Regulations.	Operational	Core
Children's and Family Services	Pupil Equity Fund	To provide assurance that schools are spending in accordance with their plans, and these are developed as required, to close the poverty related attainment gap.	Operational	Wider
Resources	Revenue Budget Setting and Financial Strategy	To review procedures used in setting the Council's revenue budget and the wider financial strategy.	Strategic	Core
Resources	Creditors System	To ensure that appropriate control is being exercised over the Creditors System, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	Financial	Core
Resources	COVID-19 Spend	To obtain assurance over the key spending decisions and financial payments in relation to COVID-19.	Financial	Wider
Resources	Stores Stock Controls	To obtain assurance that stock procedures are adequate and stock movements are adequately accounted for.	Operational	Core
Resources	Vehicle and Driver Compliance	To obtain assurance that adequate procedures are in place to effectively manage the Council's vehicle and driver records, to comply with licence and insurance requirements.	Compliance	Core
Resources	Private Sector Housing	To ensure that adequate control is being exercised over income and expenditure.	Operational	Core
Council Led HSCP Services	Care Management System	To consider whether appropriate control is being exercised over the care management system, including contingency planning, and disaster recovery, and	Operational	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
		its data input, and that interfaces to and from other systems are accurate and properly controlled.		
Council Led HSCP Services	Social Care Financial Assessments	To obtain assurance that adequate arrangements are in place to undertake social care financial assessments in an accurate and efficient manner, with a focus on the systems used.	Financial	Core
Various	Consulting Opportunities	To support various opportunities for change, including providing appropriate checks and challenges to ensure risks, governance and internal controls are given timely consideration as part of key change programmes and systems development.	Various	Wider
2024/25				
Commissioning	Procurement Fraud Controls	To ensure there are robust procedures in place to prevent, detect, and address potential fraud in the procurement process.	Operational	Core
Commissioning	Risk Management	To provide assurance over the Council's risk management arrangements.	Strategic	Wider
Commissioning	Councillors COI	To obtain assurance over the processes in place for recording and monitoring of Councillor conflicts of interest	Operational	Wider
Commissioning	Fleet Depot	To gain assurance over the key controls in place regarding inventory and spend of the fleet depot	Operational	Core
Customer	Business Rates	To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.	Financial	Core
Customer	Equalities	To ensure the Council has taken appropriate steps to embed and monitor its compliance with its equalities duties	Operational	Core
Customer	Housing Allocations and Choice Based Letting	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy, including the choice based letting process. This review will also incorporate tenant participation and satisfaction.	Operational	Core
Customer	Complaints Handling	To ensure that the Council's complaints procedure is being complied with and that data generated is used by Services to monitor and improve performance.	Reputational	Wider
Customer	Right to Work in the UK	To ensure adequate arrangements are in place to ensure staff have the right to work in the UK	Compliance	Wider
Customer	Voluntary Severance	To provide assurance that the terms of the VSER scheme are complied with and that payments made / enhancements to pensions are accurate.	Financial	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Customer	Mandatory Training Compliance	To obtain assurance over the governance arrangements in place to monitor and deliver compliance with mandatory training.	Compliance	Wider
Children's and Family Services	SEEMiS	To provide assurance that appropriate control is being exercised over the schools and education management information system in view of the perceived criticality of the system and the significant volume of sensitive personal data held.	Operational	Core
Children's and Family Services	Education Maintenance Allowance	To consider whether appropriate control is being exercised over assessing entitlement and confirming attendance, and to assess controls over making payments.	Operational	Core
Children's and Family Services	Pre-School Commissioned Places	To ensure pre-school commissioned places requirements are being delivered and that adequate control is exercised over expenditure.	Operational	Core
Children's and Family Services	Family Placement Services	To obtain assurance that adequate procedures are in place to control the calculation, award, and payment of allowances for Fostering, Adoption and Kinship Care.	Operational	Core
Resources	Trusts / Common Good Funds	To consider whether appropriate governance and controls are being applied over the use of Trusts and Common Good Funds.	Financial	Wider
Resources	Cost of Living Spend	To obtain assurance over the key spending decisions, financial payments, and reporting in relation to the Cost of Living crisis.	Financial	Wider
Resources	Revenue Collection	To ensure that collection arrangements are robust and adequately applied.	Financial	Core
Resources	Capital Delivery	To ensure appropriate arrangements are in place to facilitate delivery of the Council's Capital Programme.	Operational	Core
Resources	Corporate Landlord Responsibilities	To ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for these properties.	Operational	Core
Resources	Trade Waste	To consider whether adequate control is in place covering trade waste income and expenditure, that appropriate agreements and other paperwork is in place, and that accounting arrangements are robust.	Operational	Core
Resources	Crematorium	To ensure that Crematorium income, expenditure and record management procedures are adequate and effective.	Operational	Wider
Council Led HSCP Services	HSCP Commissioning	To review plans and progress with commissioning across the Health and Social Care Partnership.	Operational	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Various	Consulting Opportunities	To support various opportunities for change, including providing appropriate checks and challenges to ensure risks, governance and internal controls are given timely consideration as part of key change programmes and systems development.	Various	Wider
2025/26				
Commissioning	Procurement Processes	To provide assurance over the procurement processes across the Council's operations.	Operational	Core
Commissioning	PROTECT	To ensure the Council's compliance with PROTECT requirements.	Compliance	Core
Commissioning	Community Engagement and Resilience	To review the plans in place to ensure community engagement and resilience.	Operational	Wider
Commissioning	Climate - Carbon Budgeting	To ensure that appropriate arrangements are in place regarding carbon budget setting, monitoring, and reporting.	Climate	Wider
Commissioning	City Region Deal	To provide assurance over the governance and financial spend of the City Region Deal.	Operational	Core
Customer	Members Support Services	To obtain assurance over the support services provided to members.	Operational	Wider
Customer	Resettlement Governance	To ensure that procedures regarding the Council's responsibilities in relation to the resettlement of refugees, specifically the financial costs, are operating effectively.	Financial	Core
Customer	Income Management System	To consider whether appropriate control is being exercised over the income management system, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	Financial	Core
Customer	Housing Voids	To provide assurance regarding the process for re-letting void properties and compliance therewith	Operational	Core
Customer	Digital and Technology Demand	To review the current approach across the Council regarding digital and technology and the resources in place to meet the demand.	Operational	Wider
Customer	National Fraud Initiative	To obtain assurance over the Council's control framework for engagement with the National Fraud Initiative.	Financial	Wider
Customer	Payroll Data	To review the controls in place to ensure accurate data is used in the Council's payroll processes.	Financial	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Children's and Family Services	Childrens Homes Governance	To review the governance arrangements centrally for management of childrens homes.	Operational	Core
Children's and Family Services	Nursery and Primary Visits	To ensure establishments have adequate procedures in place to manage the financial aspects of the establishment and comply with the Council's Financial Regulations.	Operational	Core
Children's and Family Services	Self-Directed Support Payments	To obtain assurance over the processes in place for administering self-directed support payments.	Financial	Core
Resources	Vehicle Maintenance	To ensure that adequate controls are in place over the vehicle maintenance function.	Operational	Core
Resources	Joint Mortuary	To obtain assurance over the governance arrangements in place for management of the Council's responsibilities in relation to the joint mortuary.	Operational	Core
Resources	Commercial Income Streams	To review the processes in place regarding the Council's income streams.	Financial	Core
Resources	Prevention of Fraud, Bribery and Corruption	To provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate.	Financial	Wider
Resources	Bond Governance	To obtain assurance over the governance arrangements in relation to the Aberdeen City Council bonds.	Operational	Core
Council Led HSCP Services	HSCP Delivery[1]	To obtain assurance that adequate arrangements are in place to facilitate the delivery of Health and Social Care Partnership services.	Operational	Wider
Various	Consulting Opportunities	To support various opportunities for change, including providing appropriate checks and challenges to ensure risks, governance and internal controls are given timely consideration as part of key change programmes and systems development.	Various	Wider

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[1] Given the pending introduction of the National Care Service and its impact on the Council, further consideration will be given ahead of planning for 2025/26 to identify an appropriate auditable area and value adding work.

Function	Auditable Area	Objective	Principal Risk	Assurance
2023/24				
Integration Joint Board	IJB Hosted Services	To obtain assurance that the IJB has adequate arrangements in place to monitor the performance of services hosted on its behalf.	Operational	Core
Integration Joint Board	Complaint Handling	To ensure that the complaints procedures are being complied with for all matters and that data generated is used by Management to monitor and improve performance.	Operational	Wider
2024/25				
Integration Joint Board	IJB Budget Setting and Monitoring	To ensure that appropriate arrangements are in place regarding IJB budget setting.	Financial	Core
Integration Joint Board	National Care Service[2]	To consider whether appropriate control is being exercised over the delivery of changes as a result of the roll out of the National Care Service.	Strategic	Wider
2025/26				
Integration Joint Board	National Care Service	To consider whether appropriate control is being exercised over the delivery of changes as a result of the roll out of the National Care Service.	Strategic	Wider

Function	Auditable Area	Objective	Principal Risk	Assurance
2023/24				
Pension Fund	Pensions Investment Strategy	To provide assurance over compliance with the pension fund investment strategy, and the adequacy of controls over management of investments.	Financial	Core
2024/25				
Pension Fund	Pension Fund Payroll	To consider whether arrangements are adequate to start and terminate payments from the pension fund payroll, and to ensure that payments are accurate.	Financial	Core
2025/26				

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[2] Given the pending introduction of the National Care Service on the IJB, further consideration will be given ahead of planning for 2024/25 and 2025/26 to identify appropriate auditable areas and value adding work.

Function	Auditable Area	Objective	Principal Risk	Assurance
Pension Fund	Pension Fund Key Administrative Processes	To provide assurance over the fulfilment of the key administrative processes across the Pension Fund.	Operational	Core

4 Appendix 2 – Mapping to Council Structure (2023/24 only)

The below table maps the Internal Audit Plan for 2023/24 to the Council's Service Structure[3]. Where not presented, consideration has been given and assurance is provided that the 2024/25 and 2025/26 plans give reasonable coverage of the different services across the Council.

Commissioning	Customer	Children's and Family Services	Resources	Other
Commercial	**Customer Experience**	**Children's and Family Services**	**Finance**	**Health and Social Care**
• Procurement Compliance	-	-	• Revenue Budget Setting and Financial Strategy • Creditors System • COVID-19 Spend	• Care Management System • Complaints Handling • Social Care Financial Assessments • IJB Hosted Services
Governance	**Early Intervention and Community Empowerment**	**Education**	**Capital**	**Pensions**
-	• PREVENT	• Secondary School Visits • Pupil Equity Fund	-	• Pensions Investment Strategy
Strategic Place Planning	**Digital and Technology**		**Corporate Landlord**	
• Environmental Action	• Cyber Controls		• Private Sector Housing	
City Growth	**Data and Insights**		**Operations and Protective Services**	
• City Region Deal	• GDPR		• Stores Stock Controls • Vehicle and Driver Compliance	
	People and Organisational Development			
	• Attendance Management • Recruitment • Volunteer Arrangements			

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[3] Governance, Customer Experience, Children's and Family Services (Cluster level) and Capital have not been assigned specific audits for 2023/24. However these areas have been covered in previous years and in future plans, and other reviews in year will touch upon these areas through overlaps across functions. Due to the overlaps, where an audit has been mapped to a specific function, this will not be exclusive and Internal Audit will engage with the different stakeholders as part of the actual reviews.

5 Appendix 3 – Mapping to Council Risks (2023/24 only)

A review of the Council's risk register was carried out, focusing on those at the Corporate and Cluster levels, and those that are currently outwith appetite. This resulted in the identification of eight key risk themes[4] that have been used for ensuring appropriate coverage of different areas across Council operations.

Identified Risk Areas[5],[6]			
Workforce / Volunteers / Industrial Action	**Financial Sustainability**	**Climate Change**	**Procurement / Supply Chain**
• Attendance Management • Recruitment • Volunteer Arrangements	• Revenue Budget Setting and Financial Strategy • Creditors System • COVID-19 Spend • Pensions Investment Strategy	• Environmental Action	• Procurement Compliance
Health, Safety, Compliance and Governance	**IT and Systems**	**Service Delivery**	**Civil Contingencies**
• Data Protection	• Care Management System • Cyber Controls	• Stores Stock Controls • Vehicle and Driver Compliance • IJB Hosted Services • Complaints • Social Care Financial Assessments • Secondary School Visits • Pupil Equity Fund • City Region Deal • Private Sector Housing	• PREVENT

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4 These eight key risk themes have been identified by Internal Audit based on those areas that were reoccurring across the Council's Risk Register most often and had elements that were outwith appetite. Below these overarching themes are individual risks that are being managed through different mitigating actions and the Council has a range of different assurances over. There are also other unique risks that have not been included above; Internal Audit seeks to gain reasonable and not absolute assurance.

5 Where an audit has been mapped to a certain risk, this will not be the only risk that the review will focus on; detailed scoping will be carried out prior to commencement of the work and it is anticipated that work will cut across many different risks. The mapping above is only for illustrative purposes to show consideration of the different risks the Council faces.

6 Some audits are focused on wider aspects of the Council's operations that do not directly align with the eight identified risks. Where this is the case, the audit has been mapped to the risk that is seen to most align or support the mitigation of overall.