

# ***Aberdeen City Council***

## Internal Audit Performance

(October - November 2014)

Final

Audit and Risk Committee

**20 November 2014**

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## **Statement of responsibility**

This report, which covers a summary of our internal audit progress compared with the approved 2014/15 internal audit plan, as at May 2014, has been prepared solely for Aberdeen City Council (ACC) in accordance with the terms and conditions set out in our engagement contract with ACC. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without our prior written consent. Internal audit work has been performed in accordance with Public Sector Internal Audit Standards (PSIAS). As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000

# Section 1 – Introduction

## Background

- 1.01 The assurance you receive through the internal audit programme is a key component of your overall governance framework, which is ultimately reflected in the Statement on Corporate Governance presented in the annual financial statements. The purpose of this internal audit progress paper is to highlight the progress against the 2014/15 Internal Audit Plans since the previous Audit and Risk Committee (September 2014).

## Internal audit reviews for 2014/15

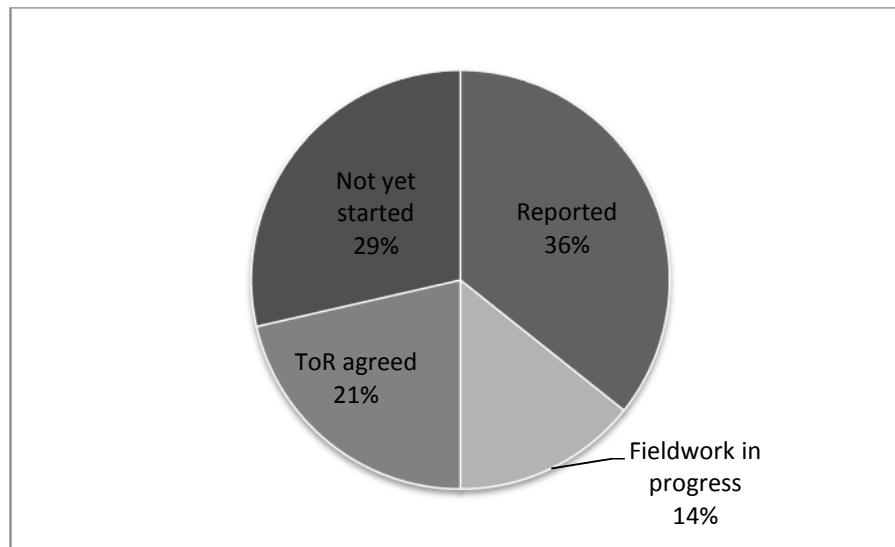
- 1.02 Since the last Audit and Risk Committee we have finalised the following 7 reviews and agreed detailed action plans with management to address the recommendations made:

- Compliance with Public Records Act – Phase 1 (Corporate Governance);
- Compliance with Laws and Regulations (Corporate Governance)
- Fraud Governance (Cross Cutting)
- Transport Contracts (Cross Cutting);
- Procurement controls out with PECOS (Cross Cutting); and
- Devolved School Management – Phase 1 (Education, Culture and Sport)
- Follow up (Cross Cutting)

These reports are included on the Audit and Risk Committee agenda in their entirety.

- 1.03 Where necessary the reports have been redacted. Internal Audit will present the Executive Summary for each report in accordance with usual practice, but will take questions on the detailed report and action plan as necessary.

## Overall 2014/15 internal audit progress status – November 2014



- 1.04 Within the 2013/14 plan there was a review scheduled to assess compliance with Devolved School Management (DSM). The review was delayed as Education, Culture and Sport had not yet implemented the guidelines issued in March 2012. The scope was finalised in June 2014 and it was agreed with management that internal audit will provide project assurance support to the roll out of devolved school management arrangements. Phase 1 of this review is being reported at the November 2014 Audit and Risk Committee, and we expect to report Phase 2 in May 2015.

### ***Performance against KPIs***

- 1.06 Incorporated in our Internal Audit Charter are a range of KPIs against which the performance of PwC and client staff (Council Officers) involved in the reviews can be measured. The performance against these targets for the 7 completed reviews presented to this Audit and Risk Committee is as follows:

<b>KPI</b>	<b>Target</b>	<b>Actual</b>
Terms of reference agreed 4 weeks prior to fieldwork	95%	86%
Planned fieldwork start date	95%	86%
Fieldwork completion date	95%	71%
Issuing draft reports for management comments (2 weeks after fieldwork complete and a close out meeting held)	95%	71%
Receiving management comments (2 weeks after issuing draft report)	95%	71%
Issuing finalised reports (within 1 week of receiving final management response)	95%	100%
Final reports presented to the Audit and Risk Committee in accordance with pre-agreed timetable	100%	100%

- 1.07 Target dates for each review are included on the front cover of the individual reports presented to the Committee, including supporting narrative to explain why certain KPIs have not been achieved.

### ***Recommendations from external audit and investigations***

- 1.09 There is a requirement to ensure proper follow up of recommendations from external audit and investigations. As of November 2014, this is now included within our internal audit follow up reporting.

# Section 2 – Summary of progress against the 2014/15 plan

- 2.01 The following table details the progress that has been made against the 2014/15 plan, as well as highlighting any reviews that have been postponed or replaced, which have previously been discussed at Committee.

Audit Title	Proposed timing	Terms of reference agreed	Fieldwork in progress/ complete	Draft Report Issued	Management Response Received	Report Finalised	Report to Audit and Risk Committee
<b>Financial</b>							
Continuous Controls – Financial Control Programme (first six months)	Q3	✓	✓				Feb-15
Continuous Controls – Financial Control Programme (last six months)	Q4						Jun-15
Car parking	Q1	✓	✓	✓	✓	✓	Sep-14
Parent Council Funds	Q2	✓	✓	✓	✓	✓	Sep-14
Pension fund financial controls	Q4						May-15
<b>Compliance</b>							
Disaster recovery	Q3	✓					Feb-15
Security Review	Q2	✓	✓	✓	✓	✓	Sep-14
Asset management	Q3	✓					Feb-15
Compliance with the Public Records (Scotland) Act - Phase 1	Q2	✓	✓	✓	✓	✓	Nov-14
Compliance with the Public Records (Scotland) Act - Phase 2	Q4	✓					Jun-15

Audit Title	Proposed timing	Terms of reference agreed	Fieldwork in progress/ complete	Draft Report Issued	Management Response Received	Report Finalised	Report to Audit and Risk Committee
Community Planning Aberdeen (formally Management Information)	Q4						Jun-15
Aberdeen International Youth Festival - following the public pound	Q3	✓	✓				Feb-15
<b>Procurement Governance</b>							
Procurement in Construction	Q2	✓					Feb-15
Procurement controls out with PECOS	Q2	✓	✓	✓	✓	✓	Nov-14
<b>Governance of Assets</b>							
New Schools Programme	TBC						TBC
Corporate Landlord responsibilities (Asset Management)	Q4						May-15
Flooding and Coastal Risk Management	Q1	✓	✓	✓	✓	✓	Sep-14
<b>Corporate Governance</b>							
Policy and Procedure Development	Q3	✓					Feb-15
ALEO review	Q3	✓	✓				Feb-15
Controls Assurance Mapping	Q2	✓	✓				Feb-15
Complaints Handling Process	Q1	✓	✓	✓	✓	✓	Sep-14
<b>Operational</b>							
Compliance with laws and regulations	Q2	✓	✓	✓	✓	✓	Nov-14

Audit Title	Proposed timing	Terms of reference agreed	Fieldwork in progress/ complete	Draft Report Issued	Management Response Received	Report Finalised	Report to Audit and Risk Committee
Library Services	Q4						Jun-15
Fraud governance - Housing Tenancy and Scottish Welfare Fund	Q2	✓	✓	✓	✓	✓	Nov-14
Service reviews	Q2	✓	✓				Feb-15
Roads	Q4						May-15
Care First budgetary control and forecasting	Q3	✓	✓				Feb-15
<b>Value for Money</b>							
Music Services	Q4	✓					May-15
Transport contracts within Education and Social Work	Q2	✓	✓	✓	✓	✓	Nov-14
<b>Other</b>							
Follow up	Q1	NA	✓	✓	✓	✓	Jun-14
Follow up	Q2	NA	✓	✓	✓	✓	Sep-14
Follow up	Q3	NA	✓	✓	✓	✓	Nov-14
Follow up	Q4	NA					Feb-14
<b>Internal Audit Reviews from 2013/14</b>							
Self-Directed Support	NA	✓	✓	✓	✓	✓	Sep-14
Devolved School Management - Phase 1	NA	✓	✓	✓	✓	✓	Nov-14
Devolved School Management - Phase 2	NA	✓	✓				Feb-15

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