

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2015
DIRECTOR	N/A
TITLE OF REPORT	Internal Audit Progress
REPORT NUMBER	N/A
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2015/16 Internal Audit plan.

2. RECOMMENDATION

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendices.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a result of this report.

4. INTERNAL AUDIT PROGRESS

- 4.1 The Internal Audit plan for 2015/16 was approved by this Committee on 26 February 2015. The plan included an indicative quarter in which it was planned to undertake each audit. The appendix to this report shows the plan along with progress achieved as at the date of this report and a summary is shown in the following table:

Planned Audit Status	As at 15 September 2015 by Original Target Committee Date					%age
	29.09.15	26.11.15	25.02.16	28.04.16	Total	
Complete	1	0	0	0	1	2.9
Draft Report Issued	3	1	0	0	4	11.8
Work in Progress	3	4	1	0	8	23.5
To be Commenced	1	4	9	7	21	61.8
Total	8	9	10	7	34	100.0

4.2 Progress with planned work has been slower than anticipated when developing the plan. This has been caused by:

- The Team focusing on completing Aberdeenshire work from 2014/15 in quarter one;
- Time taken to gain access to Aberdeen City systems and familiarisation with those different systems and personnel;
- Additional work undertaken which has delayed progress with some planned works.

However, progress is improving.

4.3 As mentioned above, in addition to planned audits, the Internal Audit plan has a contingency for additional works and investigations. The following table provides a summary of these to date whilst more details are shown in the attached appendix:

Additional Work Status	As at 15 September 2015
Complete	2
Draft Report Issued	1
Work in Progress	2
Total	5

5. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH INTERNAL AUDIT PLAN 2015/16 CROSS SERVICE AUDITS

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015		Red Amber Green	Comment where applicable
Corporate Policies and Procedures in Aberdeen City and Aberdeenshire Councils (joint audit)	To undertake a "stock take" of the policies and procedures in existence within Aberdeen City and Aberdeenshire Councils with a view to ascertaining the scope for standardisation and rationalisation.	Draft report due to be issued	17.08.15	Green	
		Draft report issued	13.08.15		
		Management response due	14.09.15	Amber	
		Management response received	N/A		
		Final report issued	N/A	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
Risk Registers	Council-wide review of procedures in place to consider whether risks are identified and adequately managed.	Original target Committee date	29.09.15	Amber	Work commenced but delayed due to Auditor undertaking additional works (see General section below)
		Anticipated submission to Committee	26.11.15		
Recruitment Procedures across all Services (excluding Teaching staff) NOTE: Work conjoined with Teachers Recruitment Audit	Consider whether all Services are complying with Policy relating to recruitment and document retention, and that recruitment is being undertaken in the most efficient manner.	Draft report due to be issued	22.08.15	Green	
		Draft report issued	21.08.15		
		Management response due	21.09.15	Green	
		Management response received	N/A		
		Final report issued	N/A	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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CROSS SERVICE AUDITS (continued)

ALEOs	To review the governance arrangements in place between Aberdeen City Council and its ALEOs, including determination of sources of assurance regarding risk management, internal controls, and staff and information governance.	Original target Committee date Anticipated submission to Committee	26.11.15 26.02.16	Amber	
Compliance with Procurement related Legislation and Financial Regulations.	To review payments made via the Creditors System on a six-monthly basis to ensure that a sample of payments in excess of £5,000 (incl VAT) have been made in full compliance with Legislation and Financial Regulations and that, where appropriate, Value for Money has been achieved by challenging management regarding the purchase. This review will also include a review of files of paid invoices to ensure compliance in relation to lower valued payments.	<u>Audit 1</u> Original target Committee date Anticipated submission to Committee	26.11.15 25.02.16	Amber	Preliminary work undertaken with Finance to obtain and format required data
		<u>Audit 2</u> Original target Committee date	28.04.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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CROSS SERVICE AUDITS (continued)

Timesheets / Allowances	Consider whether terms and conditions are being complied with and that timesheets submitted for payment are accurate. Where appropriate, confirm claims to Service documentation and challenge management regarding overtime / additional hours worked.	Original target Committee date	25.02.16	Green	
Following the Public Pound	Review arrangements in place to ensure that public funds are awarded against set criteria which complies with the principles of following the public pound requirements.	Original target Committee date	25.02.16	Green	
Data Protection	Review arrangements in place across the Council to consider whether Data Protection legislation is complied with.	Original target Committee date	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE

Commercial and Procurement Services

Creditors System	Consider whether 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.	Draft report due to be issued Anticipated Issue	09.09.15 25.09.15	Amber	Partly delayed due to Internal Audit undertaking additional works and some issues need to be discussed with Service
		Original target Committee date Anticipated submission to Committee	29.09.15 26.11.15	Amber	

Finance

Budget Setting Process	Review procedures used in setting the Council's budget.	Original target Committee date Anticipated submission to Committee	29.09.15 26.11.15	Amber	
Council Tax	Consider whether billing and collection arrangements are robust and adequately applied.	Original target Committee date Anticipated submission to Committee	26.11.15 25.02.15	Amber	
Bank Reconciliations	Review procedures to ensure that accurate, timely reconciliations are produced using a robust methodology.	Original target Committee date	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Finance (continued)

VAT	Consider whether VAT returns are accurately and timeously prepared and that appropriate reconciliations are completed to ensure accuracy.	Original target Committee date	25.02.16	Green	
Budget Monitoring	Review procedures used for monitoring the Council's revenue budget.	Original target Committee date	28.04.16	Green	
Benefits	Consider whether benefits being paid to claimants are supported by appropriate documentary evidence, that the calculation of benefit is accurate, and that it has been properly recorded for subsidy purposes. To use Audit Scotland documentation to allow specific reliance to be placed on work done.	Original target Committee date	28.04.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Human Resources and Organisational Development

Payroll System	Consider whether appropriate control is being exercised over the payroll system, including contingency planning, disaster recovery and interfaces, and that payments made by the system are accurate. To include system data reconciliations	Draft report due to be issued	09.07.15	Red	Delayed due to Auditors undertaking additional work
		Draft report issued	14.09.15		
		Management response due	13.10.15	Green	
		Management response received	N/A		
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		

EDUCATION AND CHILDREN'S SERVICES

Recruitment Procedures NOTE: Work conjoined with Council-wide review	Consider whether Service is complying with Policy relating to recruitment of teaching staff, and that recruitment is being undertaken in the most efficient manner.	Draft report due to be issued	22.08.15	Green	
		Draft report issued	21.08.15		
		Management response due	21.09.15	Green	
		Management response received	N/A		
		Original target Committee date	26.11.15	Green	
Academy Visits	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Draft report due to be issued	30.10.15	Green	
		Original target Committee date	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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EDUCATION AND CHILDREN'S SERVICES (continued)

Family and Community Support – Family Centres	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Original target Committee date	25.02.16	Green	
Teachers Payroll including Supply Teaches	Consider whether all aspects of payroll administration are adequately controlled and that payment is being made accurately to bona-fide employees.	Original target Committee date	28.04.16	Green	
Out of Authority Placements	Consider whether system used to make placements is robust and that alternatives are considered before decisions are made which commit expenditure.	Original target Committee date	28.04.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES

Housing

Rent Assessment	Consider whether the scheme is robust and is operating satisfactorily in relation to rent setting.	Draft report due to be issued	26.06.15	Green	
		Draft report issued	26.06.15		
		Management response due	24.07.15	Green	
		Management response received	06.07.15		
		Final report issued	17.07.15	Green	
Rent Collection	Consider whether rent collection and arrears processes are robust and are being complied with.	Original target Committee date	29.09.15	Green	
		Actual submission to Committee	29.09.15		
		Draft report due to be issued	25.09.15	Green	
		Draft report issued	N/A		
Building Maintenance Procurement	Consider whether adequate control is in place regarding procurement of materials.	Original target Committee date	26.11.15	Amber	Delayed due to volume of additional works being undertaken by Internal Audit in the Service (see General Section below)
		Anticipated submission to Committee	TBC		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES (continued)

Housing

Sheltered Housing	To review the implementation of revised arrangements following the January 2013 report on Housing for Varying Needs Review.	Draft report due to be issued	09.10.15	Green	
		Original target Committee date	26.11.15	Green	

Transportation

Vehicles	Ensure that the procedures put in place to address concerns raised by the Traffic Commissioner have been implemented and are operating in a satisfactory manner. To include random, unannounced visits to check vehicles.	Original target Committee date	25.02.16	Green	
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Crematorium	Ensure that procedures put in place to address concerns raised in 2014/15 have been embedded in the Crematorium and ascertain where assurance over operation will be obtained from in future.	Original target Committee date	25.02.16	Green	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES (continued)

Transportation (continued)

Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Original target Committee date	28.04.16	Green	
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Public Infrastructure and Environment

Trade Waste	Consider whether adequate control is in place covering income and expenditure, that appropriate agreements and other paperwork is in place, and that accounting arrangements are robust.	Draft report due to be issued	13.10.15	Green	
		Original target Committee date	26.11.15	Green	

ADULT SOCIAL WORK / INTEGRATION JOINT BOARD

Social Work Tendering	Consider whether robust, documented procedures are in place to adequately control tendering and selection processes.	Draft report due to be issued	02.10.15	Green	
		Original target Committee date	26.11.15	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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ADULT SOCIAL WORK / INTEGRATION JOINT BOARD (continued)

Self Directed Support	Consider whether adequate control is exercised over direct payments made in advance to clients.	Original target Committee date	25.02.16	Green	
Integration of Health and Social Care	Internal Audit provision for Health and Social Care Partnership to include consultancy on arrangements being introduced covering risk management, staff and information governance, and provision of assurance to stakeholders.		As Required	N/A	Proposed audit work detailed in separate report to Audit, Risk and Scrutiny Committee on 29 September 2015

PENSION FUND

Investment Strategy	Review of compliance with pension fund investment strategy.	Original target Committee date Anticipated submission to Committee	26.11.15 25.02.16	Amber	
Investment Management	Review of arrangements in place to monitor the performance of investment managers.	Original target Committee date	28.04.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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GENERAL

Follow up of recommendations agreed in previously issued Internal Audit reports.	To provide assurance that agreed actions have been implemented. Reporting will be by way of regular updates to Audit, Risk and Scrutiny Committee. To include reporting of agreed PWC recommendations.	Target Committee Date Actual Committee Date	29.09.15 29.09.15	Green	
		Target Committee Date Actual Committee Date	26.11.15	Green	
		Target Committee Date Actual Committee Date	25.02.15	Green	
Reporting Internal Audit outputs to Audit, Risk and Scrutiny Committee.	To provide Audit, Risk and Scrutiny Committee with assurance regarding the areas examined by Internal Audit.	Target Committee Date Actual Committee Date	29.09.15 29.09.15	Green	
		Target Committee Date Actual Committee Date	26.11.15	Green	
		Target Committee Date Actual Committee Date	25.02.15	Green	
Commercial and Procurement Services - PACE Projects.	To provide consultancy regarding issues arising from proposed projects.	N/A		N/A	
Shared Services as they arise.	To provide consultancy regarding issues arising from shared service proposals.	N/A		N/A	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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GENERAL (continued)

Contingency - Investigations and additional works.	To undertake investigations and additional works as they arise during the year and to provide a contingency should systems subject to audit not be adequately documented by Services prior to audit.	Additional works undertaken / being undertaken are detailed in the following tables.			
Council Tax Billing 2014/15	Establish reasons why incorrect bar codes had been recorded on Council Tax Bills and the controls in place to prevent duplicate bills being issued.	Draft report issued	02.06.15	Green	
		Management response due	30.06.15	Amber	
		Management response received	03.07.15		
		Final report issued	07.07.15	Green	
		Actual submission to Committee	29.09.15	Green	
Craft Workers Terms and Conditions	To review the completion of timesheets and compliance with agreed terms and conditions.	Draft report issued	12.08.15	Green	Management response being discussed.
		Management response due	08.09.15	Amber	
		Management response received	11.09.15		
		Final report issued	N/A	Green	
		Anticipated submission to Committee	26.11.15	Green	
Window Replacements	To review the circumstances regarding window replacements.	Final report issued	21.08.15	Green	
		Anticipated submission to Committee with management response	26.11.15	Green	
Building Services Recharges	To evaluate controls in place to ensure costs (materials and labour) charged to jobs are accurate.	Anticipated draft report issue	16.10.15		
		Anticipated submission to Committee	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 September 2015	Red Amber Green	Comment where applicable
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GENERAL (continued)

Langdykes Road	To review whether officers have complied with Council policy / procedure in respect of granting of planning permission for the development of a Hydrogen Power Station.	Anticipated submission to Committee	26.11.15	Green	
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