

## ABERDEEN CITY COUNCIL

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COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 November 2015
DIRECTOR	N/A
TITLE OF REPORT	Internal Audit Progress
REPORT NUMBER	N/A
CHECKLIST COMPLETED	Yes

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### 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 16 November 2015 by Original Target Committee Date					%age
	29.09.15	26.11.15	25.02.16	28.04.16	Total	
Complete	4	0	0	0	4	11.8
Draft Report Issued	2	3	1	0	6	17.6
Work in Progress	1	2	2	0	5	14.7
To be Commenced	1	4	7	7	19	55.9
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, as referred to Committee in September 2015, 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.

4.3 The have also been delays in Services providing information in order for audit work to progress, and in responding to draft reports when issued. This has impacted on the Section's ability to progress other planned work.

4.4 Although progress has improved from that reported in September, the Section has been operating at less than full establishment due to higher than usual sickness absence, whilst one member of staff has been called-up by the armed forces for a year from November 2015. Attempts to recruit to cover this period have, to date, been unsuccessful. This is likely to impact on progress during the remainder of the year.

4.5 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 16 November 2015
Complete	4
Draft Report Issued	1
Work in Progress	1
Total	6

## 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 16 November 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	Report to be discussed by Aberdeen City and Aberdeenshire's Joint Senior Management Team on 9 December
		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		
		Revised submission to Committee	26.02.16		
Risk Registers	Council-wide review of procedures in place to consider whether risks are identified and adequately managed.	Draft report due to be issued	30.09.15	Amber	Work delayed due to Auditor undertaking additional works (see General section below)
		Draft report issued	16.10.15		
		Management response due	13.11.15	Green	
		Management response received	05.11.15		
		Final report issued	16.11.15	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual submission to Committee	26.11.15		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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### CROSS SERVICE AUDITS (continued)

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 Red	
		Management response received – HR Management response – E&CS	21.09.15 09.11.15		
Final report issued	N/A				
		Original target Committee date	29.09.15	Red	
		Anticipated submission to Committee	26.02.16		
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	Delayed to allow Governance Hubs to meet before commencing audit.
Compliance with Procurement related Legislation and Financial Regulations.	To review sample of payments in excess of £5,000 to ensure that they have been made in full compliance with Legislation and Financial Regulations and that, where appropriate, Value for Money has been achieved.	<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 16 November 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.	Draft report due to be issued	15.12.15	Green	
		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 Anticipated submission to Committee	25.02.16 TBC	Amber	Delayed at request of Head of Finance due to new procedures being introduced
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 16 November 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	09.09.15	Amber	Partly delayed due to Internal Audit undertaking additional works detailed at end of this report and some issues needing to be discussed with Service – contacts not available
		Draft report issued	09.10.15		
		Management response due	06.11.15	Amber	
		Management response received	13.11.15		
		Final report issued	16.11.15	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual submission to Committee	26.11.15		

### Finance

Budget Setting Process	Review procedures used in setting the Council's budget.	Original target Committee date	29.09.15	Amber	Delayed due to work being undertaken on Health and Social Care Integration
		Anticipated submission to Committee	25.02.16		
Council Tax	Consider whether billing and collection arrangements are robust and adequately applied.	Draft report due to be issued	20.11.15	Green	
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.15		
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 16 November 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	
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Budget Monitoring	Review procedures used for monitoring the Council's revenue budget.	Original target Committee date	28.04.16	Green	
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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	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 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 detailed at end of this report
		Draft report issued	14.09.15		
		Management response due	13.10.15	Green	
		Management response received	06.10.15		
		Final report issued	08.10.15	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual 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		Further discussion required before report is finalised.
		Management response received - HR	21.09.15	Green	
		Management response – E&CS	09.11.15	Red	
Final report issued	N/A				
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	26.02.16		



SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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### EDUCATION AND CHILDREN'S SERVICES (continued)

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	
		Draft report issued	26.10.15		
		Management response due	23.11.15	Green	
		Management response received	N/A		
		Original target Committee date	25.02.16	Green	
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 Teachers	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 16 November 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
Original target Committee date	29.09.15	Green				
Actual submission to Committee	29.09.15					
Rent Collection	Consider whether rent collection and arrears processes are robust and are being complied with.	Draft report due to be issued	25.09.15	Green	Delays in Internal Audit	
		Draft report issued	N/A			
		Original target Committee date	29.09.15	Amber		
Anticipated submission to Committee	26.11.15					
Actual submission to Committee	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 16 November 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	Amber	Information requested from Finance on 08.09.15 not provided timeously and Service not responding fully and timeously to audit queries.
		Draft report issued	30.10.15		
		Management response due	30.11.15	Green	
		Management response received	N/A		
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.16		

### 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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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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## COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES (continued)

### Transportation (continued)

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.	Draft report due to be issued	04.12.15	Green	
		Original target Committee date	25.02.16	Green	

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	Amber	
		Draft report issued	26.10.15		
		Management response due	23.11.15	Green	
		Management response received	N/A		
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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### 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	Amber	Additional work being undertaken in respect of Children's Services requested by Chief Executive
		Draft report issued	N/A		
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.16		

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	
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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	
	Additional audit (ie outwith detailed planned work) providing pre-integration financial assurance agreed by Audit, Risk and Scrutiny Committee on 26.09.15	Draft report due to be issued	30.10.15	Amber	Delays in Finance and Social Work responding to requests for required information
		Draft report issued	04.11.15		
	Management response due	04.12.15	Green		
	Management response received	N/A			
		Anticipated submission to Committee	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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## 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	
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Investment Management	Review of arrangements in place to monitor the performance of investment managers.	Original target Committee date	28.04.16	Green	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 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	29.09.15	Green	
		Actual Committee Date	29.09.15		
		Target Committee Date	26.11.15		
		Actual Committee Date	26.11.15	Green	
		Target Committee Date	25.02.15	Green	
		Actual Committee Date			
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	29.09.15	Green	
		Actual Committee Date	29.09.15		
		Target Committee Date	26.11.15		
		Actual Committee Date	26.11.15	Green	
		Target Committee Date	25.02.15	Green	
		Actual Committee Date			
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 16 November 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.		
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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	
		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 included in draft report and returned to management with comments. Delays in returning response.
		Management response due	08.09.15	Amber	
		Management response received	11.09.15		
		Management response responded to	15.09.15	Red	
		Reminder sent to management	05.10.15		
		Further reminder sent	19.10.15		
		Response received	30.10.15		
		Final report issued	30.10.15	Green	
		Submission to Committee	26.11.15	Green	

Window Replacements	To review the circumstances regarding window replacements.	Final report issued	21.08.15	Green	
		Submission to Committee	26.11.15	Green	



SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 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 Submission to Committee	26.11.15 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	Amber	Delays in Internal Audit
		Draft report issued	N/A		
		Anticipated submission to Committee	25.02.16	Green	
Children's Social Work Payments	To evaluate controls in place.	Draft report issued	16.11.15	Green	
		Anticipated submission to Committee	25.02.16	Green	