

## ABERDEEN CITY COUNCIL

---

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	28 April 2016
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 and 2016/17 Internal Audit plans.

### **2. RECOMMENDATIONS**

- 2.1 The Committee is requested to:
- 2.1.1 Agree to the postponement of the 2015/16 audit of Out of Authority Placements as requested by Education and Children's Services for the reasons detailed in Appendix A; and
- 2.1.2 Otherwise 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 and progress against the plan has been reported to each subsequent meeting of the Committee.
- 4.2 Appendix A to this report shows progress with the remaining outstanding audits contained in the plan and a summary is shown in the following table:

Planned Audit Status	As at 18 April 2016 by Original Target Committee Date					%age
	29.09.15	26.11.15	25.02.16	28.04.16	Total	
Complete	7	6	4	1	18	56.3
Draft Report Issued	0	1	3	0	4	12.5
Work in Progress	0	0	0	2	2	6.3
(*) To be Postponed	0	0	0	1	1	3.0
(**) Moved to 2016/17 / Cancelled	1	1	3	2	7	21.9
Total	8	8	10	6	32	100.0

(\*) As per recommendation 2.1.1 in this report

(\*\*) As agreed at the Audit, Risk and Scrutiny Committee on 9 March 2016.

4.3 Reasons for previous delays in progress have been reported to Committee previously.

4.4 The Internal Audit plan for 2015/16 had a contingency for additional works and investigations. The following table provides a summary of these to date whilst more detail is shown in the attached appendix relating to the one that has not been reported to Committee previously:

Additional Work Status	As at 18 April 2016
Complete	7
Draft Report Issued	0
Work in Progress	1
Total	8

4.5 The Internal Audit plan for 2016/17 was approved by this Committee on 9 March 2016. The plan included an indicative Committee date by when it was planned to report each audit.

4.6 Appendix B to this report shows progress with the audits contained in the plan and a summary is shown in the following table:

Planned Audit Status	As at 18 April 2016 by Original Target Committee Date						%age
	Jun 16	Sep 16	Nov 16	Feb 17	Apr 17	Total	
Complete	0	0	0	0	0	0	0.0
Draft Report Issued	0	0	0	0	0	0	0.0
Work in Progress	5	0	0	0	0	5	18.5
To Start	0	5	5	7	5	22	81.5
Total	5	5	5	7	5	27	100.0

## 5. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor  
[David.Hughes@aberdeenshire.gov.uk](mailto:David.Hughes@aberdeenshire.gov.uk)  
 (01224) 664184

## APPENDIX A

### PROGRESS WITH 2015/16 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

#### CROSS SERVICE AUDITS

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.	<i>Draft report due to be issued</i>	<i>17.08.15</i>	<i>Green</i>	<i>The draft Internal Audit Report was discussed by Aberdeen City and Aberdeenshire's Joint Senior Management Team on 09.12.15.</i>
		<i>Draft report issued</i>	<i>13.08.15</i>		
		<i>Management response due</i>	<i>14.09.15</i>	<i>Amber</i>	
		<i>Reminder sent</i>	<i>14.12.15</i>		
		<i>Various Management responses received between</i>	<i>21.12.15 &amp; 19.01.16</i>		
		<i>Updated draft report issued</i>	<i>20.01.16</i>	<i>Green</i>	
		<i>Requests from management regarding report content</i>	<i>01.02.16</i>		
		<i>Revised draft issued</i>	<i>16.02.16</i>		
		<i>Management response received</i>	<i>24.03.16</i>	<i>Amber</i>	
		<i>Final report issued</i>	<i>28.03.16</i>	<i>Green</i>	
		<i>Original target Committee date</i>	<i>29.09.15</i>	<i>Amber</i>	
		<i>Actual submission to Committee</i>	<i>28.04.16</i>		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## CROSS SERVICE AUDITS

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.	Draft report due to be issued	25.02.16	Amber	<i>Obtaining access to the data, and in the format, required to undertake the audit took longer than anticipated.</i>
		Draft report issued	07.03.16		
		Management response due	06.04.16	Green	More information being provided by Service and further discussion with C&PS required.
		CH&I response received	29.03.16		
		E&CS response received	08.04.16	Amber	Further discussion underway with Service.
		Reminders sent	14.04.16	Amber	
		CG response received	N/A		
		H&SCP response received	N/A	Amber	
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	27.06.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## CORPORATE GOVERNANCE

### Finance

Bank Reconciliations	Review procedures to ensure that accurate, timely reconciliations are produced using a robust methodology.	Draft report due to be issued	08.04.16	Amber	<i>Delays in Internal Audit caused by Auditor leaving the Council and clearing other Internal Audit reports</i>
		Draft report issued	18.04.16		
		Original target Committee date	25.02.16	Amber	
		Anticipated submission to Committee	27.06.16		

Budget Monitoring	Review procedures used for monitoring the Council's revenue budget.	Original target Committee date	28.04.16	Amber	See below:
		Anticipated submission to Committee	27.06.16		

Finance has requested that this audit be delayed in recognition that Finance staff are required to prioritise year end work in order that timescales in relation to the 2015/16 Annual Accounts are achieved. Although work has commenced, the resultant report will be delayed

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.	Draft report due to be issued	14.03.16		Progress has been delayed pending receipt of Disclosure Scotland Checks for the Internal Audit staff involved in this audit.
		Draft report issued			
		Original target Committee date	28.04.16	Amber	
		Anticipated submission to Committee	27.06.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## EDUCATION AND CHILDREN'S SERVICES

Secondary Schools	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	Red	
		Management response received	05.01.16		
		Final draft issued	07.01.16	Green	
		Reminders issued to Service	21.01.16	Red	
			15.02.16		
		Management response received	09.03.16		
			29.03.16		
		Final draft report issued	30.03.16	Green	
		Management response received and various discussions	Between 06.04.16 & 13.04.16		
		Final report issued	14.04.16	Green	
		Original target Committee date	25.02.16	Amber	
		Actual submission to Committee	28.04.16		

  

Family and Community Support – Family Centres	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Draft report due to be issued	11.03.16	Green	<i>Delays in Internal Audit caused by additional work undertaken and resource issues.</i>
		Draft report issued	10.03.16		
		Management response due	11.04.16	Green	Further discussion with Head of Service required
		Management response received	11.04.16		
		Original target Committee date	25.02.16	Amber	
		Anticipated submission to Committee	27.06.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## EDUCATION AND CHILDREN'S SERVICES (continued)

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.	Draft report due to be issued	04.03.16	Amber Green Green Green	
		Draft report issued	21.03.16		
		Management response due	01.04.16		
		E&CS response received	01.04.16		
		Corporate Governance response	04.04.16		
		Final report issued	05.04.16	Green	
		Original target Committee date	28.04.16	Green	
		Actual submission to Committee	28.04.16		

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	N/A	<i>Commencement of audit under discussion with Service. See below:</i>
-----------------------------	--	--------------------------------	----------	-----	--

The Service has requested that the audit of Out of Authority Placements be postponed for the following reasons:  
Burden to the Service:

- The Service is in the throes of an Independent Multi-Agency Review, which is of high priority
- The 2015 integrated children's services inspection identified this issue, and the Service has a detailed improvement action plan with associated budgetary savings. This has been reported to the Education and Children's Services Committee and the Integrated Children's Board.  
As part of the above the Service has stated that it:
  - Has undertaken a rigorous review of 38 out of authority placements that has considered rationale for decision making; plans for return to Aberdeen where and if possible; lessons learnt; actions going forward eg. Shared education/social work learning event (now in process).
  - Are reviewing the systems, processes and documentation that inform out of authority decision making processes
- Three Internal Audits of Social Work in a three month period



SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES

### Housing

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	Red	<i>Delays in Internal Audit</i>
		Draft report issued	27.01.16		
		Management response due	29.02.16	Green	
		Management response received	29.02.16		
		Final version of report discussed	From 14.03.16 to 06.04.16		
		Final report issued	07.04.16	Green	
		Original target Committee date	29.09.15	Amber	
		Actual submission to Committee	28.04.16		

## COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES (continued)

### 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.	Draft report due to be issued	23.12.15		
		Draft report issued	22.01.15	Amber	
		Management response due	08.02.16	Amber	
		Reminder issued	15.02.16		
		Meeting held to discuss issues	04.03.16		
		Management response received	07.04.16		
		Final report issued	08.04.16	Green	
		Original target Committee date	25.02.16	Amber	
		Actual submission to Committee	28.04.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## ADULT SOCIAL WORK / INTEGRATION JOINT BOARD

Social Work Tendering	Consider whether robust, documented procedures are in place to adequately control tendering and selection processes. Consider whether robust, documented procedures are in place to adequately control tendering and selection processes.	Draft report due to be issued Draft report issued	02.10.15 01.12.15	Amber	<i>Additional work being undertaken in respect of Children's Services requested by Chief Executive</i>
		Management response due Management response received	22.12.15 22.12.15	Green	<i>Response resulted in further consultation with other Services.</i>
		Further draft issued Management response (partial) received	15.01.16 22.01.16	Amber	
		Updated draft issued Management response due	12.02.16 26.02.16		
		Various discussions between Services and Internal Audit	Between 12.02.16 and 08.04.16		
		Final report issued	08.04.16	Green	
		Original target Committee date Actual submission to Committee	26.11.15 28.04.16	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## ADULT SOCIAL WORK / INTEGRATION JOINT BOARD (continued)

Self Directed Support	Consider whether adequate control is exercised over direct payments made in advance to clients.	Draft report due to be issued Draft report issued	04.03.16 23.03.16	Amber	<i>Audit delayed at request of Service due to external inspection</i>
		Management response due Management response received	13.04.16 13.04.16		Further discussion underway.
		Original target Committee date Anticipated submission to Committee	25.02.16 27.06.16	Amber	

## GENERAL

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 being undertaken are detailed in the following tables.			
--	--	---	--	--	--

Building Services Recharges	To evaluate controls in place to ensure costs (materials and labour) charged to jobs are accurate.	Draft report issued	N/A	Amber	Delays in Internal Audit and prioritising other works.
		Anticipated submission to Committee Changed to	25.02.16 27.06.16	Amber	

## APPENDIX B

### PROGRESS WITH 2016/17 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

#### CROSS SERVICE

Council Owned Land and Property	Review systems / procedures in place across the whole Council estate for ensuring that the Council has surety over the land and buildings it owns including title.	Anticipated submission to Committee	February 2017		
ALEOs	Consider how Services manage their ALEOs including payments and performance.	Anticipated submission to Committee	February 2017		
Compliance with Procurement related Legislation and Financial Regulations.	To review payments made via the Creditors System to ensure that a sample of payments in excess of £5,000 have been made in 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 focus on orders placed close to year end deadlines to ensure that they represent essential spend.	Anticipated submission to Committee	27.09.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

### CROSS SERVICE (continued)

Timesheets and Allowance claim forms	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.	Anticipated submission to Committee	February 2017		
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.	Draft report due to be issued	04.05.16		
		Anticipated submission to Committee	27.06.16		
Data Protection	Review arrangements in place across the Council to consider whether Data Protection legislation is complied with.	Draft report due to be issued	18.05.16		
		Anticipated submission to Committee	27.06.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## CORPORATE GOVERNANCE

Infosmart System	Consider whether appropriate control is being exercised over the system, including contingency planning and disaster recovery, and its data input, and that interfaces to and from other systems are accurate and properly controlled.	Anticipated submission to Committee	27.09.16		
Budget Setting Process	Review procedures used in setting the Council's budget.	Anticipated submission to Committee	24.11.16		
Treasury Management	Consider whether the Council's Treasury Management Policy complies with the CIPFA Code of Practice and if the Policy is complied with.	Anticipated submission to Committee	February 2017		
Business Rates	Consider whether billing and collection arrangements are robust and adequately applied.	Anticipated submission to Committee	24.11.16		
Cash Receipting System	Consider whether appropriate control is being exercised over the system, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	Anticipated submission to Committee	24.11.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

### **CORPORATE GOVERNANCE (continued)**

Scottish Welfare Fund	Consider whether administration arrangements are robust and being complied with.	Anticipated submission to Committee	27.09.16		
-----------------------	--	-------------------------------------	----------	--	--

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.	Anticipated submission to Committee	April 2017		
----------	--	-------------------------------------	------------	--	--

Disclosure Checks	Consider whether arrangements in place to ensure that appropriate employees / volunteers have been checked are adequate. Specific testing will be targeted at staffing groups working with particularly sensitive groups.	Anticipated submission to Committee	April 2017		
-------------------	---	-------------------------------------	------------	--	--

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## **CORPORATE GOVERNANCE (continued)**

Agency Staff	Ensure that agency staff are being appointed through appropriate channels and that arrangements for their induction are robust. Partial follow up to a previous audit and extended to include roads specifically.	Anticipated submission to Committee	24.11.16		
Public Records (Scotland) Act	The scope of a previous IA review was restricted due to limited progress having been made by the Council in some respects of implementation. This review will consider whether arrangements in place to ensure compliance with the Act are adequate.	Anticipated submission to Committee	27.09.16		

## **EDUCATION AND CHILDREN'S SERVICES**

Commissioning of Children's Social Work Services	Consider whether arrangements in place are adequate.	Anticipated submission to Committee	April 2017		
Primary School Visits	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Anticipated submission to Committee	February 2017		



SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

## EDUCATION AND CHILDREN'S SERVICES (continued)

Fostering and Adoption Allowances	Consider whether adequate procedures are in place to control calculation, award and payment of allowances, and that correct rates are applied and any overpayments are recovered timeously.	Anticipated submission to Committee	April 2017		
-----------------------------------	---	-------------------------------------	------------	--	--

## COMMUNITIES, HOUSING AND INFRASTRUCTURE

Building Maintenance Procurement	Consider whether adequate control is in place regarding procurement of materials.	Draft report due to be issued	18.05.16		
		Anticipated submission to Committee	27.06.16		
Cleaning Payroll	Consider whether adequate controls and procedures are operating in relation to new starts / leavers and levels of additional / overtime hours. To include the co-ordination of additional hours to minimise overtime costs.	Draft report due to be issued	18.05.16		
		Anticipated submission to Committee	27.06.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

### COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Vehicle and Driver records	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.	Anticipated submission to Committee	February 2017		
----------------------------	---	-------------------------------------	---------------	--	--

Internal Transport Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Anticipated submission to Committee	April 2017		
---	---	-------------------------------------	------------	--	--

Roads Payroll	Consider whether adequate controls and procedures are operating in relation to new starts / leavers and levels of additional / overtime hours.	Anticipated submission to Committee	27.09.16		
---------------	--	-------------------------------------	----------	--	--

### ADULT SOCIAL WORK / INTEGRATION JOINT BOARD

Purchasing and Creditors	Consider whether robust documented procedures are in place and are satisfactorily complied with throughout the service. Consider whether Value for Money is being achieved.	Draft report due to be issued	18.05.16		
		Anticipated submission to Committee	27.06.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 18 April 2016	Red Amber Green	Comment where applicable
-----------------	-----------	---------------------------------	-----------------------	-----------------------------

### ADULT SOCIAL WORK / INTEGRATION JOINT BOARD (continued)

Carefirst	Consider whether appropriate control is being exercised over the system, including contingency planning and disaster recovery, and its data input, and that interfaces to and from other systems are accurate and properly controlled.	Anticipated submission to Committee	24.11.16		
Health and Social Care Partnership	Post Integration review of Health and Social Care Intervention as required by Integration Resource Advisory Group (IRAG) Guidance.	Anticipated submission to Committee	February 2017		
Health and Social Care Partnership	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			