

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 June 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 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. 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 15 June 2016 by Original Target Committee Date					%age
	29.09.15	26.11.15	25.02.16	28.04.16	Total	
Complete	7	7	4	2	20	62.5
Draft Report Issued	0	0	3	0	3	9.4
Work in Progress	0	0	0	1	1	3.1
(*) Cancelled	1	1	3	3	8	25.0
Total	8	8	10	6	32	100.0

(*) As agreed at the Audit, Risk and Scrutiny Committee on 9 March and 28 April 2016, these audit were either moved to the 2016/17 plan or cancelled.

- 4.2 Reasons for previous delays in progress have been reported to Committee previously, and updates shown in the attached appendix that are in italics are those that have been reported to Committee previously.
- 4.3 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 15 June 2016
Complete	7
Draft Report Issued	1
Work in Progress	0
Total	8

- 4.4 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.
- 4.5 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 15 June 2016 by Original Target Committee Date						%age
	Jun 16	Sep 16	Nov 16	Feb 17	Jun 17	Total	
Complete	0	0	0	0	0	0	0.0
Draft Report Issued	3	0	0	0	0	3	11.1
Work in Progress	2	2	0	0	0	4	14.8
To Start	0	3	5	7	5	20	74.1
Total	5	5	5	7	5	27	100.0

5. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH 2015/16 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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 Draft report issued	25.02.16 07.03.16	Amber	<i>Obtaining access to the data and in the format required to undertake the audit took longer than anticipated.</i>
		Management response due CH&I response received	06.04.16 29.03.16	Green	<i>More information being provided by Service and further discussion with C&PS was required.</i>
		Revised draft issued to CH&I CH&I response received	27.04.16 10.06.16	Red	
		E&CS response received	08.04.16	Amber	
		Reminders sent CG response received	14.04.16 31.05.16	Amber	
		H&SCP response received	29.04.16	Amber	
		Final report issued	10.06.16	Green	
		Original target Committee date Actual submission to Committee	26.11.15 27.06.16	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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		
		Management response due	09.05.16	Amber	
		Management response received	11.05.16		
		Final draft report issued	N/A	Amber	
		Original target Committee date	25.02.16	Amber	Internal audit is currently awaiting a meeting with the Service to discuss processes and the draft report.
		Anticipated submission to Committee	27.09.16		
Budget Monitoring	Review procedures used for monitoring the Council's revenue budget.	Original target Committee date	28.04.16	Amber	<i>See below:</i>
		Anticipated submission to Committee	27.09.16		
<i>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.</i>					

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Finance (continued)

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	Amber	<i>Progress delayed pending receipt of Disclosure Scotland Checks for the Internal Audit staff involved in this audit.</i>
		Draft report issued	20.04.16		
		Management Response due	04.05.16	Green	
		Management responses received	21.04.16	Green	
		Final draft report issued	22.04.16	Green	
		Management response received	25.04.16	Green	
		Final report issued	27.04.16	Green	
		Original target Committee date	28.04.16	Amber	
		Actual submission to Committee	27.06.16		

EDUCATION AND CHILDREN'S SERVICES

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	<i>Further discussion with Head of Service required</i>
		Management response received	11.04.16		
		Final draft report issued	11.05.16	Amber	Agreed with Service Manager. Awaiting confirmation from Head of Service.
		Reminder sent	08.06.16		
		Final report issued	N/A		
		Original target Committee date	25.02.16	Amber	.
		Anticipated submission to Committee	27.09.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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ADULT SOCIAL WORK / INTEGRATION JOINT BOARD

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	Green	Further discussion underway and awaiting response from Service.
		Updated draft report issued	14.04.16		Agreed with Service, however, due to the current workload within Finance and specific project work the Head of Finance has been unable to review and sign off the report
		Final report issued			
		Original target Committee date Anticipated submission to Committee	25.02.16 27.09.16	Amber	Discussions complete, awaiting final Service response

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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.		
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Building Services Recharges	To evaluate controls in place to ensure costs (materials and labour) charged to jobs are accurate.	Draft report issued Management response due	30.05.16 13.06.16	Amber	<i>Delays in Internal Audit and prioritising other works.</i>
		Initial response received	04.06.16		Awaiting action plan relating to specific recommendations.
		Anticipated submission to Committee	25.09.16	Amber	

APPENDIX B

PROGRESS WITH 2016/17 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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	23.02.17		
ALEOs	Consider how Services manage their ALEOs including payments and performance.	Anticipated submission to Committee	23.02.17		
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 15 June 2016	Red Amber Green	Comment where applicable
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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	23.02.17		
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 Draft report issued	18.05.16 N/A	Amber	Allocated auditor, having commenced audit, absent due to illness.
		Original target Committee date Anticipated submission to Committee	27.06.16 27.09.16	Amber	
Data Protection	Review arrangements in place across the Council to consider whether Data Protection legislation is complied with.	Draft report due to be issued Draft report issued	18.05.16 N/A		Key Service contact was unavailable due to annual leave.
		Original target Committee Date Anticipated submission to Committee	27.06.16 27.09.16	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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	23.02.17		
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 15 June 2016	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Scottish Welfare Fund	Consider whether administration arrangements are robust and being complied with.	Draft report due to be issued	12.07.16		
		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	22.06.17		
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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	22.06.17		
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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	22.06.17		
Primary School Visits	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Anticipated submission to Committee	23.02.17		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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	22.06.17		
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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	Amber	Key C&PS contact was unavailable.
		Draft report issued	15.06.16		
		Management response due	29.06.16		
		Original target Committee date	27.06.16	Amber	
		Anticipated submission to Committee	27.09.16		

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	Green	
		Draft report issued	12.05.16		
		Management response due	26.05.16	Green	Further discussions required with HR re Terms and Conditions.
		Management response received	20.05.16		
		Final report issued	N/A		
		Original target Committee Date	27.06.16	Amber	
		Anticipated submission to Committee	27.09.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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	23.02.17		
Internal Transport Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Anticipated submission to Committee	22.06.17		
Roads Payroll	Consider whether adequate controls and procedures are operating in relation to new starts / leavers and levels of additional / overtime hours.	Draft report due to be issued	29.06.16		
		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	Amber	Delays in Internal Audit through prioritising other work.
		Draft report issued	02.06.16		
		Management response due	30.06.16		
		Original target Committee date	27.06.16	Amber	
		Anticipated submission to Committee	27.09.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 15 June 2016	Red Amber Green	Comment where applicable
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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	23.02.17		
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			