

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 June 2017
TITLE OF REPORT	Internal Audit Progress
REPORT NUMBER	IA/17/010
DIRECTOR	N/A
AUTHOR	David Hughes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2016/17 and 2017/18 Internal Audit plans.

2. RECOMMENDATIONS

- 2.1 The Committee is requested to:
- 2.1.1 Approve a delay in the audit it requested, relating to whether there are adequate controls in the Programme Management Office, to quarter four of 2017/18, and
- 2.1.2 To otherwise review, discuss and comment on the issues raised within this report and the attached appendices.

3. BACKGROUND / MAIN ISSUES

- 3.1 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 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. Updates shown in the attached appendix that are in italics are those that have been reported to Committee previously.

Planned Audit Status	As at 9 June 2017 by Original Target Committee Date						%age
	Jun 16	Sep 16	Nov 16	Feb 17	Jun 17	Total	
Complete	5	5	5	5	0	20	77.0
Draft Report	0	0	0	1	2	3	11.5

Issued							
Work in Progress	0	0	0	0	0	0	0.0
Moved to 2017/18 or 2018/19 (*)	0	0	0	0	3	3	11.5
To Start	0	0	0	0	0	0	0.0
Total	5	5	5	6	5	26	100.0

(*) As agreed by the Audit, Risk and Scrutiny Committee on 23 February 2017.

- 3.2 The Internal Audit plan for 2017/18 was approved by this Committee on 23 February 2016. The plan included an indicative Committee date by when it was planned to report each audit and progress against the plan has been reported to each subsequent meeting of the Committee, although the Committee was advised that some of these may change in order to ensure that External Audit could place reliance on specific work. These changes have yet to be confirmed. 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 9 June 2017 by Original Target Committee Date						%age
	Jun 17	Sep 17	Nov 17	Feb 18	Jun 18	Total	
Complete	0	0	0	0	0	0	0
Draft Report Issued	1	1	0	0	0	2	6.9
Work in Progress	2	2	0	0	0	4	13.8
To Start	0	3	6	8	6	23	79.3
Total	3	6	6	8	6	29	100.0

3.3 Progress has been slower than anticipated and the reasons are detailed in Appendix B

3.4 At its meeting on 23 February 2017, the Audit, Risk and Scrutiny Committee requested that Internal Audit undertake an audit to ascertain if adequate controls were in place within the Project Management Office. When work commenced on this review, Internal Audit was advised that a consultant had been engaged to undertake a review of the Capital Programme and the issue of project management was being covered in that review. As the resultant report is due to be presented to the Audit, Risk and Scrutiny Committee at today's meeting, it was considered that to undertake a similar review might not add value at this time. The report identifies a number of areas for improvement and recommends that Internal Audit undertake an audit in quarter four of 2017/18 to give assurance that the report's recommendations have been implemented. The Committee's support for this is being sought.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Where planned progress is not maintained, there is a risk that sufficient work will not have been completed by the end of the financial year for Internal Audit to complete its annual opinion on the Council's control environment.

7. IMPACT SECTION

- 7.1 **Economy** – The proposals in this report have no direct impact on the local economy.
- 7.2 **People** – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to note Internal Audit's progress against the Internal Audit plan. The proposals in this report will have no impact on improving the staff experience.
- 7.3 **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.
- 7.4 **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

8. APPENDICES

- 8.1 Appendix A – Progress with 2016/17 Internal Audit Plan.
- 8.2 Appendix B – Progress with 2017/18 Internal Audit Plan.

9. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH 2016/17 INTERNAL AUDIT PLAN REVIEWS NOT PREVIOUSLY REPORTED TO COMMITTEE

Note – where updates have been seen by Committee previously these are shown in italics

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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CROSS SERVICE

ALEOs	Consider how Services manage their ALEOs including payments and performance.	Draft report due to be issued	10.01.17	Red	<i>Services have not provided information requested during the audit process. This is being followed up on a regular basis by the Auditor.</i>
		Draft report issued	12.04.17		
		Management response due	04.05.17		
		Management responses received:			
		- Education & Children's Services (complete)	05.05.17 & 17.05.17		
		- Economic Development (feels no response necessary on AECC as wound up)	17.04.17 & 17.05.17		
		- Finance (partial response)	17.05.17		
		- Health & Social Care Partnership (complete)	23.05.17		
		- Land and Property Assets (complete)	18.05.17		
		Final draft issued to Service			
		Final draft agreed			
		Final report issued			
		Original target Committee date	23.02.17	Red	
		Anticipated submission to Committee	22.06.17		
		Amended submission to Committee	26.09.17		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE

Budget Setting Process	Review procedures used in setting the Council's budget.	Draft report due to be issued	03.10.16	Green	<i>Delayed pending resolution of budget monitoring audit</i>
		Draft report issued	13.12.16		
		Management response due	13.01.17	Amber	
		Management response received	24.01.17		
		Final draft issued to Service	30.01.17	Green	Further changes requested by Head of Finance
		Management response received	15.02.17	Amber	
		Updated draft issued to Service	24.02.17	Green	
		Reminders sent to Service	16.03.17	Amber	
			10.04.17		
			27.04.17	Red	
		Final draft agreed	03.05.17		
		Final report issued	04.05.17	Green	
		Original target Committee date	24.11.16	Red	
		Revised date	23.02.17		
		Actual submission to Committee	22.06.17		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (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	28.04.17	Green	
		Draft report issued	28.04.17		
		Management response due	26.05.17	Green	Meeting held on 06.06.17 to discuss further
		Management response received	30.05.17		
		Final draft issued to Service	N/A		
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.	Final draft agreed			
		Final report issued	N/A		
		Original target Committee date	22.06.17	Amber	
		Amended submission to Committee	26.09.17		
		Draft report due to be issued	27.02.17	Green	Change requested by Service as they were dealing with a review by Disclosure Scotland
		Changed to	28.04.17		
		Draft report issued	28.04.17		
		Management response due	26.05.17	Green	Responses resulted in further queries from Internal Audit that need to be addressed before the report is progressed.
		Management response received:			
		- HR (partial response)	10.05.17		
		- C&PS	17.05.17		
		Final draft issued to Service	06.06.17	Green	
		Final draft agreed	N/A		
		Final report issued			
		Original target Committee date	22.06.17	Amber	
		Amended submission to Committee	26.09.17		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE

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.	Draft report due to be issued	17.02.17	Green	<i>Delayed due to staffing issues in Public Infrastructure and Environment</i>
		Draft report issued	17.02.17		
		Management response due	10.03.17	Green	
		Management response received	10.03.17		
		Final draft issued to Service	13.03.17	Green	
		Final draft agreed	13.03.17		
		Final report issued	13.03.17	Green	
		Original target Committee date	23.02.17	Amber	
		Anticipated submission to Committee	22.06.17		
		Actual submission to Committee	22.06.17		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	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 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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Photovoltaic Panels	Review of the contractual arrangements in relation to the photovoltaic panels' contract.	Draft Committee report issued to Service	10.01.17	Green	This report was included on the Committee's agenda on 23 February 2017 but was withdrawn prior to the start of the meeting at the request of the Head of Finance and agreed by the Convener.
		Report agreed with Service	15.02.17	Amber	
		Anticipated submission to Committee	23.02.17	Green	
		Actual submission to Committee	23.02.17		
		Deferred until	22.06.17		

Controls in Programme Management Office	Review controls within the Project Management Office to manage projects.	It has been recommended in this Committee report that this review is delayed until quarter four of 2017/18.			
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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INTEGRATION JOINT BOARD

The following audit is included in the Internal Audit plan for the Aberdeen City IJB and will be reported to the IJB Audit and Performance Systems Committee before being reported to the Audit, Risk and Scrutiny Committee for information.

Health and Social Care Partnership	Post Integration review of Health and Social Care Intervention as required by Integration Resource Advisory Group (IRAG) Guidance.				
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APPENDIX B

PROGRESS WITH 2017/18 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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CROSS SERVICE

Business Continuity Planning	Ensure that Business Continuity Plans are in place as required by the Business Continuity Policy and that arrangements adequately manage identified risks.	Draft report due to be issued	16.06.17	Green	There were delays in the provision of data requested from Emergency Planning relating to specific BCPs. This has now all been received.
		Original target Committee date Anticipated submission to Committee	22.06.17 26.09.17	Amber	
Attendance Management	To test corporate compliance with the attendance management policy and determine if it is having a positive effect on attendance.	Draft report due to be issued	28.06.17	Green	
		Original target Committee date	26.09.17		
Travel Costs	Ensure that travel arrangements and claims are made in accordance with the Council's Travel Policy, Procedure and Guidance.	Original target Committee date	23.11.17	Green	Not yet commenced
Bond Governance	Consider whether arrangements have been put in place to ensure compliance with the London Stock Exchange requirements and safeguarding the Council's credit rating.	Original target Committee date	Feb 18	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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CROSS SERVICE (continued)

Capital Plan	Consider whether robust mechanisms are in place for setting, progressing and monitoring the capital plan. It is understood that Council officers are undertaking a review of this area and the outcome of this will help inform Internal Audit's opinion.	Original target Committee date	Apr 18	Green	Not yet commenced
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CORPORATE GOVERNANCE

PECOS System	Consider whether appropriate control is being exercised over the system and that interfaces to and from other systems are accurate and properly controlled.	Original target Committee date	26.09.17	Green	Not yet commenced
Fixed Asset Register	Consider whether procedures for ensuring timely recording of the acquisition / disposal of assets are adequate and that revaluations are undertaken in accordance with recognised best practice. Ensure that a sample of recorded assets exist and those that should be recorded are.	Original target Committee date	23.11.17	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Financial Ledger System	Consider whether appropriate control is being exercised over the system and that interfaces to and from other systems are accurate and properly controlled.	Original target Committee date	Feb 18	Green	Not yet commenced
YourHR	Consider whether appropriate control is being exercised over the system and that interfaces to and from other systems are accurate and properly controlled.	Original target Committee date	Feb 18	Green	Not yet commenced
Major IT Business Systems	Ensure that the risk of major IT Business Systems failure is adequately managed.	Original target Committee date	Feb 18	Green	Not yet commenced
Post-Election Training for new Council	Ensure that appropriate arrangements were made for training Councillors following the May 2017 Local Government Elections, that training was delivered and was effective.	Original target Committee date	Feb 18	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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EDUCATION AND CHILDREN'S SERVICES

Application of Health and Safety measures and practices in schools	Consider whether arrangements in place adequately manage risk responsibility in relation to: hazard information, handling and disposal of chemicals; safety in microbiology; material of living origin, and routine fume cupboard testing.	Draft report due to be issued	28.04.17	Amber Green	Discussions with Health, Safety and Wellbeing Team delayed due to annual leave in that Team.
		Changed to	02.06.17		
		Draft report issued	02.06.17		
		Management response due	30.06.17		
		Management response received	N/A		
		Original target Committee date	22.06.17		
		Anticipated submission to Committee	26.09.17		
Care of Children and Young People – Community Care	To obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled.	Original target Committee date	22.09.17	Green	Not yet commenced
Placing requests	To review decision making processes and consider whether these are adhered to.	Original target Committee date	23.11.17	Green	Not yet commenced
Nursery Education – Pre-School Commissioned Places	Consider whether statutory obligations are being delivered and that adequate control is exercised over expenditure. To include consideration of plans in place to deliver the Scottish Government's expansion in early education and childcare which comes into force in August 2020.	Original target Committee date	Feb 18	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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EDUCATION AND CHILDREN'S SERVICES

Out of Authority Placements	Review progress with implementing the Inclusion Review and consider whether system used to make and review on-going out of authority placements is robust and that alternatives are considered before decisions are made which commit expenditure.	Original target Committee date	Apr 18	Green	Not yet commenced
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COMMUNITIES, HOUSING AND INFRASTRUCTURE

Vehicle Maintenance Workshops	Ensure that adequate procedures are in place to control the function and obtain best value in maintaining vehicles.	Original target Committee date	26.09.17	Green	Not yet commenced
Building Maintenance – Year End Stock Take	Attend a selection of locations during 2016/17 year end stock taking and ensure accuracy of process. To include review of stock procedures.	Draft report due to be issued	02.06.17	Green	
		Draft report issued	02.06.17		
		Management response due	30.06.17		
		Management response received	N/A		
		Original target Committee date	26.09.17		
Corporate Landlord Responsibilities – General Fund Property	Ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its corporate landlord role.	Draft report due to be issued	21.08.17	Green	
		Draft report issued			
		Original target Committee date	26.09.17		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE

Vehicle Usage	Ensure that adequate procedures are in place to ensure that vehicles are being used effectively for business purposes and any non-business use is appropriately reported.	Original target Committee date	23.11.17	Green	Not yet commenced
Capital Contracts	Ensure appropriate arrangements are in place regarding the tendering for and monitoring of a sample of capital contracts and value for money is being obtained.	Original target Committee date	Feb 18	Green	Not yet commenced
Stores Purchasing	Ensure that appropriate arrangements are in place regarding procurement of stock.	Original target Committee date	Apr 18	Green	Not yet commenced
Craft Workers Payroll	Ensure that new Terms and Conditions have been implemented and are being complied with.	Original target Committee date	Apr 18	Green	Not yet commenced
Homeless Persons – Housing Support budget	Consider whether adequate control is being exercised over income and expenditure, and that best value is being obtained.	Original target Committee date	Apr 18	Green	Not yet commenced
Internal Transport Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Original target Committee date	Apr 18	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	Red Amber Green	Comment where applicable
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ADULT SOCIAL CARE

Social Work Transport	Consider whether appropriate arrangements are in place to secure transportation in a cost effective and well managed way.	Draft report due to be issued Changed to Draft report issued	27.04.17 16.06.17	Amber	The Public Transport Unit was unable to meet with Internal Audit until 10 May 2017, delaying commencement of audit as planned.
		Original target Committee date Anticipated submission to Committee	22.06.17 26.09.17		
Social Work Payroll	Consider whether all aspects of payroll administration (new starts, leavers, timesheet completion and authorisation, overtime approval, etc) are adequately controlled.	Original target Committee date	23.11.17	Green	Not yet commenced
Social Work Financial Assessments	Consider whether adequate arrangements are in place across the Service to undertake financial assessments in an accurate and efficient manner.	Original target Committee date	23.11.17	Green	Not yet commenced
Care Management	To obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled.	Original target Committee date	Feb 18	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 June 2017	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 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.		
First Level Control work in relation to Interreg Projects	Certify six-monthly grant claims made in relation to HyTrEc2, ACE Retrofitting, and Heat Net projects and required by Interreg Programme Secretariat.	Work in progress on an on-going and as required basis.		

INTEGRATION JOINT BOARD

The following audit is included in the Internal Audit plan for the Aberdeen City IJB and will be reported to the IJB Audit and Performance Systems Committee before being reported to the Audit, Risk and Scrutiny Committee for information.

Integration and Change Funding	Ensure appropriate governance is in place to manage delivery of funded projects and use of the funds.				Not yet commenced
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