

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	22 February 2018
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/18/001
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2017/18 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. BACKGROUND / MAIN ISSUES

- 3.1 The Internal Audit plan for 2017/18 was approved by this Committee on 23 February 2017. 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. On 26 September 2017, the Committee approved the rescheduling of two audits (PECOS and Fixed Asset Register) from September and November respectively to February 2018 to facilitate this.
- 3.2 On 23 November 2017, the Committee approved the rescheduling of the planned audit of the Craft Workers Payroll to 2018/19 in view of delays in the renegotiation of the Craft Workers Terms and Conditions.
- 3.3 Appendix B to this report shows progress with the audits contained in the plan and a summary is shown in the following table (which incorporates the changes detailed in paragraphs 3.1 and 3.2 above).

Planned Audit Status	As at 9 February 2018 by Original Target Committee Date						%age
	Jun 17	Sep 17	Nov 17	Feb 18	Apr 18	Total	
Complete	3	5	5	6	0	19	65.5
Draft Report Issued	0	0	0	2	0	2	6.9
Work in Progress	0	0	0	2	3	5	17.2
To Start	0	0	0	0	2	2	6.9
Rescheduled to 2018/19	0	0	0	0	1	1	3.5
Total	3	5	5	10	6	29	100.0

3.4 In September and November 2017, the Committee was advised of staffing issues in Internal Audit and the impact that this had had on the availability of completed audits for those meetings of Committee. Internal Audit is now operating at full establishment and progress is being made with recovering the lost time. Progress had been further impacted by delays in Services responding to requests for data and providing responses to draft reports, and the requirement to undertake additional work in relation to European Interreg project grant claims.

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 2017/18 Internal Audit Plan.

9. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01467) 537861

APPENDIX A

PROGRESS WITH 2017/18 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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CROSS SERVICE

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.	Draft report due to be issued	22.12.17	Green	
		Draft report issued	05.01.18		
		Management response due	19.01.18	Green Amber Red Red	
		Management response received:			
		.. Legal and Democratic Services	19.01.18		
		.. Finance	28.01.18		
		.. C&PS	N/A	Red	
.. Economic Development	N/A	Red			
Updated draft issued to Service	09.02.18	Green			
Final draft agreed	16.02.18				
Final Report Issued	16.02.18	Green			
Original target Committee date	22.02.18	Green			
Actual submission to Committee	22.02.18				
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.	Draft report due to be issued	14.03.17	Green	
		Draft report issued			
		Original target Committee date	08.05.18	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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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.	Draft report due to be issued	21.02.18	Green	Delayed due to previously reported staffing issues although this is now well progressed
		Draft report issued	09.02.18		
		Management response due	02.03.18	Green	
		Management response received	N/A		
Original target Committee date	22.02.18	Amber			
		Amended target date	08.05.18	Green	

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.	Draft report due to be issued	TBC	Amber	See below:
		Draft report issued			
		Original target Committee date	22.02.18	Amber	
		Amended target date	08.05.18	Green	

Following commencement of the audit, Internal Audit was advised that one area due to be tested is undertaken as an annual exercise by the end January each year. As at 8 February 2018, this work had not been completed. As this is one of the audits that External Audit plans to take assurance from Internal Audit's work, the testing requires to be undertaken on 2017/18 work. Therefore, completion of the audit has been delayed and the outcome will be reported to Committee in May 2018.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	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.	Draft report due to be issued	26.01.18	Green	Delayed due to previously reported staffing issues in Internal Audit and of availability of Finance staff to deal with provision of information, although this is now well progressed
		Draft report issued	26.01.18		
		Management response due	09.02.18	Amber Green	
		Management response received	N/A		
Original target Committee date	22.02.18				
		Amended target date	08.05.18		

YourHR	Consider whether appropriate control is being exercised over the system and that interfaces to and from other systems are accurate and properly controlled.	Draft report due to be issued	22.12.17	Green	Final draft issued with some queries to be resolved.
		Draft report issued	10.01.18		
		Management response due	19.01.18	Green	
		Management response received	18.01.18		
		Final draft issued to Service	19.01.18	Green	
		Final draft agreed	01.02.18		
		Final Report Issued	01.02.18	Green	
		Original target Committee date	22.02.18		
		Actual submission to Committee	22.02.18	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Major IT Business Systems	Ensure that the risk of major IT Business Systems failure is adequately managed.	Draft report due to be issued	16.10.17	Green	Meetings held and further data being provided by Service
		Draft report issued	13.10.17		
		Management response due	30.10.17	Green	
		Management response received	31.10.17		
		Final draft issued to Service	11.12.17	Amber	
		Final draft agreed	20.12.17		
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.	Final Report Issued	21.12.17	Green	
		Original target Committee date	22.02.18		
		Actual submission to Committee	22.02.18	Green	
		Draft report due to be issued	06.12.17	Green	
		Draft report issued	05.12.17		
		Management response due	05.01.18	Green	
		Management response received	18.12.17		
		Final draft issued to Service	22.12.17	Green	
		Final draft agreed	10.01.18		
		Final Report Issued	10.01.18	Green	
		Original target Committee date	22.02.18	Green	
		Actual submission to Committee	22.02.18		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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EDUCATION AND CHILDREN'S SERVICES

Care of Children and Young People – Community Care (Children's Social Work Payments)	To obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled.	Draft report due to be issued	02.08.17	Amber	<i>Availability of service management due to external inspection and then departure of lead auditor.</i>
		Changed to Draft report issued	29.09.17 17.11.17		
		Management response due	15.12.17	Green	
		Management response received (meeting)	30.11.17		
		Updated draft issued to Service	30.11.17	Green	
		Management response received	22.12.17		
		Final draft issued to Service	11.01.18	Amber	
Final draft agreed	07.02.18				
Final Report Issued	07.02.18	Green			
Original target Committee date	22.09.17	Amber			
Anticipated submission to Committee	22.02.18				
Actual submission to Committee	22.02.18	Green			
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.	Draft report due to be issued	23.11.17	Green	
		Draft report issued	23.11.17		
		Management response due	22.12.17	Green	
		Management response received	07.12.17		
		Final draft issued to Service	08.12.17	Green	
		Final draft agreed	15.12.17		
Final Report Issued	21.12.17	Green			
Original target Committee date	22.02.18				
Actual submission to Committee	22.02.18	Green			

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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EDUCATION AND CHILDREN'S SERVICES (continued)

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.	Draft report due to be issued Draft report issued	23.02.18 Green	
		Original target Committee date	08.05.18 Green	

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.	Draft report due to be issued Draft report issued	17.11.17 13.11.17	Green	<i>Commencement delayed due to staffing issues in Internal Audit as advised to Committee on 26.09.17</i>
		Management response due Management response received	04.12.17 06.12.17	Green	
		Final draft issued to Service Final draft agreed	15.12.17 24.01.18	Amber	
		Final Report Issued	25.01.18	Green	
		Original target Committee date Anticipated Committee date	23.11.17 22.02.18	Amber	
		Actual submission to Committee	22.02.18	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

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.	Draft report due to be issued	22.12.17	Green		
		Draft report issued	09.01.18			
		Management response due	19.01.18			Green
		Management response received	15.01.18			
		Updated draft report issued	17.01.18			Green
		Final draft issued to Service	01.02.18			Green
		Final draft agreed	08.02.18			
Final Report Issued	08.02.18	Green				
		Original target Committee date	22.02.18	Green		
		Actual submission to Committee	22.02.18			
Stores Purchasing	Ensure that appropriate arrangements are in place regarding procurement of stock.	Original target Committee date	08.05.18	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.	Draft report due to be issued	23.02.18	Green		
		Draft report issued				
		Original target Committee date	08.05.18	Green		
Internal Transport Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Original target Committee date	08.05.18	Green	Not yet commenced	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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ADULT SOCIAL CARE

Social Work Payroll	Consider whether all aspects of payroll administration (new starts, leavers, timesheet completion and authorisation, overtime approval, etc) are adequately controlled.	Draft report due to be issued	22.12.17	Green	<i>Commencement delayed due to staffing issues in Internal Audit as advised to Committee on 26.09.17</i>
		Draft report issued	22.12.17		
		Management response due	12.01.18	Green	
		Management response received	12.01.18		
		Final draft issued to Service	16.01.18	Green	
Final draft agreed	30.01.18				
Final Report Issued	30.01.18	Green			
Original target Committee date	23.11.17	Amber			
Anticipated submission to Committee	22.02.18				
Actual submission to Committee	22.02.18	Green			
Social Work Financial Assessments	Consider whether adequate arrangements are in place across the Service to undertake financial assessments in an accurate and efficient manner.	Draft report due to be issued	03.11.17	Amber	<i>Commencement delayed as above and then there were ICT issues regarding access to required information resulting in further delay.</i>
		Changed to	17.11.17		
		Draft report issued	15.11.17		
		Management response due	15.12.17	Green	
		Management response received	15.12.17		
Final draft issued to Service	16.01.18	Amber			
Final draft agreed	09.02.18				
Final Report Issued	09.02.18	Green			
Original target Committee date	23.11.17	Amber			
Anticipated submission to Committee	22.02.18				
Actual submission to Committee	22.02.18				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018	Red Amber Green	Comment where applicable
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ADULT SOCIAL CARE (continued)

Care Management	To obtain assurance that care needs are being identified, planned, and recorded accurately, and that costs charged are appropriate and adequately controlled.	Draft report due to be issued	28.02.18	Green	Commencement delayed due to staffing issues in Internal Audit as advised to Committee on 26.09.17
		Original target Committee date Amended target date	22.02.18 08.05.18	Amber	

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	<p>Certify six-monthly grant claims made in relation to the following Interreg Projects as required by Interreg Programme Secretariat:</p> <ul style="list-style-type: none"> • HyTrEc2 (Partner) • HyTrEc2 (Lead Partner) • ACE Retrofitting (Partner) • Heat Net (Partner) • BEGIN (Partner) 	<p><i>First six-monthly grant claim for ACE Retrofitting certified – August 2017</i> <i>First six-monthly grant claim for Heat Net certified – August 2017</i></p> <p>First six-monthly grant claim for HyTrEc2 (Lead Partner) January and February 2018</p>			

SUBJECT / SCOPE	OBJECTIVE	Progress as at 9 February 2018
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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.

Integration and Change Funding	Ensure appropriate governance is in place to manage delivery of funded projects and use of the funds.	The report arising from this work will be presented to the ACC IJB Audit and Performance Systems Committee on 13 February 2018 before presentation to the Audit, Risk and Scrutiny Committee in April 2018.
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