

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 June 2018
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/18/014
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2 and 2.4

1. PURPOSE OF REPORT

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

2. RECOMMENDATIONS

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 The Internal Audit plans for 2017/18 and 2018/19 were approved by this Committee on 23 February 2017 and 22 February 2018, respectively. The plans included an indicative Committee date by when it was planned to report each audit. Progress against the 2017/18 plan has been reported to each subsequent meeting of the Committee.
- 3.2 Appendix A to this report shows progress with the audits contained in the 2017/18 plan whilst Appendix B shows progress with the audits contained in the 2018/19 plan. Summaries are shown in the following tables.

2017/18 Planned Audit Status	As at 13 June 2018 by Original Target Committee Date						%age
	Jun 17	Sep 17	Nov 17	Feb 18	May 18	Total	
Complete	3	5	5	9	3	25	86.0
Draft Report Issued	0	0	0	0	1	1	3.5
Work in Progress	0	0	0	1	1	2	7.0
Rescheduled to 2018/19	0	0	0	0	1	1	3.5
Total	3	5	5	10	6	29	100.0

2018/19 Planned Audit Status	As at 13 June 2018 by Original Target Committee Date						%age
	Jun 18	Sep 18	Dec 18	Feb 19	Apr 19	Total	
Complete	0	0	0	0	0	0	0.0
Draft Report Issued	0	0	0	0	0	0	0.0
Work in Progress	1	5	0	0	0	6	24.0
To Start	0	4	5	6	4	23	76.0
Total	1	9	5	6	4	25	100.0

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. OUTCOMES

7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council’s framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is to report Internal Audit's progress to Committee. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Appendix A – Progress with 2017/18 Internal Audit Plan
- 9.2 Appendix B – Progress with 2018/19 Internal Audit Plan.

10. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH 2017/18 INTERNAL AUDIT PLAN – BASED ON 2017/18 COUNCIL STRUCTURE (Note – text in italics represents updates provided to Committee previously)

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE

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	<i>See below:</i>
		Draft report issued			
		Original target Committee date	22.02.18	Amber	
		Amended target date	08.05.18		
		Revised amended target	26.06.18	Red	

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 planned 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.

Finance has not yet completed the work that Internal Audit planned to include in testing. Although External Audit has confirmed to Finance that they will not now be placing reliance on Internal Audit's work in this area, Internal Audit still intends to review the most recently completed work once it is done.

The latest update is that Finance has completed the required work and passed information to Internal Audit for review. Internal Audit is working on this.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE

Stores Purchasing	Ensure that appropriate arrangements are in place regarding procurement of stock.	Draft report due to be issued	27.04.18	Green	<i>Delays in Internal Audit caused by staff sickness.</i> There have been various meetings and exchanges of views in reaching the position of issuing the final draft report.
		Draft report issued	25.04.18		
		Management response due	23.05.18	Green	
		Management response received	23.05.18		
Final draft issued to management	08.06.18	Green			
Management confirmation received	N/A				
Original target Committee date	08.05.18	Red			
Revised target Committee date	25.09.18				

Internal Transport Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Draft report due to be issued	10.08.18		See below:
		Draft report issued	N/A		
		Original target Committee date	08.05.18	Red	
Revised target Committee date	25.09.18				

When Internal Audit contacted the Service to commence this audit, the Service, whilst accepting that the audit should proceed, requested that it be delayed for a short period of time to allow current work demands to be prioritised. As a result, Internal Audit plans to commence the audit on 14 May 2018, which would mean reporting the outcome from the review to the September 2018 meeting of the Audit, Risk and Scrutiny Committee.

APPENDIX B

PROGRESS WITH 2018/19 INTERNAL AUDIT PLAN

(Note – text in italics represents updates provided to Committee previously)

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for June 2018 Committee

Payments made following interface to the Creditors System from Care First, Caps Uniform, TALIS, Total Consilium, Confirm and Tranman	To provide assurance that there are adequate controls around the interface of payment data from named systems to the Creditors System (supporting documentation for and authorisation controls over input data, segregation of duties, accuracy and reconciliation of interfaced data sent and received) and that any associated balance sheet / suspense codes are reconciled on a regular basis.	Draft report due to be issued Draft report issued	20.06.18 N/A	Green	Delay caused by additional systems having to be tested compared to those identified in the plan and the availability of Service staff to discuss these. In addition, testing is being undertaken in relation to the eFinancials to BACS interface.
		Original target Committee date Revised Committee Date	26.06.18 25.09.18	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for September 2018 Committee

Transformation	To provide assurance that the Council has appropriate arrangements in place to ensure the success of its transformational aspirations.	Original target Committee date	25.09.18	Green	Not yet commenced
Timesheets and Allowances	To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.	Original target Committee date	25.09.18	Green	Not yet commenced
General Data Protection Regulations	To provide assurance that the Council has adequate arrangements in place, that are understood throughout the organisation, to protect the Council's information.	Draft report due to be issued	30.07.18	Green	
		Draft report issued	N/A		
		Original target Committee date	25.09.18	Green	
Impact of Universal Credit on rent collection.	To provide assurance that appropriate arrangements have been put in place to manage the impact of Universal Credit on rent collection including intervention relating to identified vulnerable cases.	Draft report due to be issued	17.07.18	Green	
		Draft report issued	N/A		
		Original target Committee date	25.09.18	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for September 2018 Committee (continued)

Debtors System	To provide assurance over system controls, documentation supporting invoices raised and debt recovery process.	Draft report due to be issued	25.06.18	Green	
		Draft report issued	N/A		
		Original target Committee date	25.09.18	Green	
Digital Strategy	To provide assurance that there are appropriate plans in place to manage the Council's digital strategy including reporting of progress against established milestones.	Original target Committee date	25.09.18	Green	Commencement delayed at request of Service pending Chief Officer – Digital and Technology taking up post.
Devolved Education Management Scheme	To provide assurance that the scheme in place is adequate and that the decision making process is appropriate based on delegations in place.	Draft report due to be issued	N/A	Green	Awaiting planning meeting with Service
		Draft report issued	N/A		
		Original target Committee date	25.09.18		
VAT	To provide assurance over arrangements in place to maximise the recovery of VAT and ensure that VAT recovered is adequately supported.	Draft report due to be issued	20.07.18	Green	
		Draft report issued	N/A		
		Original target Committee date	25.09.18	Green	
Health and Social Care Partnership Charging Policy	To provide assurance that there is a clear charging policy in place and that it is being complied with.	Original target Committee date	25.09.18	Green	Planning meeting scheduled for 19.06.18

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for December 2018 Committee

Voluntary Severance / Early Retirement (VSER)	To provide assurance that the terms of the VSER Scheme are complied with and that payments made / enhancements to pensions are accurate.	Original target Committee date	04.12.18	Green	Not yet commenced
Compliance with Procurement Legislation and Council Regulations	To provide assurance that the Council has appropriate arrangements in place that are being complied with, to ensure compliance with procurement legislation and internal regulations.	Original target Committee date	04.12.18	Green	Not yet commenced
Business Rates	To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.	Original target Committee date	04.12.18	Green	Not yet commenced
Data security in a cloud based environment	To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.	Original target Committee date	04.12.18	Green	Not yet commenced
National Care Home Contract	To provide assurance that risk to supply is controlled through adequate monitoring of supply and suppliers and related business continuity plans. (Ref Kingsmead Nursing Home.)	Original target Committee date	04.12.18	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for February 2019 Committee

Health and Safety Arrangements across the Council	To provide assurance that appropriate arrangements to manage Health and Safety have been implemented across the Council.	Original target Committee date	14.02.19	Green	Not yet commenced
Prevention of Fraud, Bribery and Corruption	To provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate.	Original target Committee date	14.02.19	Green	Not yet commenced
i-World Housing Management System	To provide assurance that appropriate control is being exercised over the i-World system and that interfaces to and from other systems are accurate and properly controlled.	Original target Committee date	14.02.19	Green	Not yet commenced
Pupil Equity Fund	To provide assurance that schools are spending in accordance with their plans, and that these were developed as required, to close the poverty related attainment gap.	Original target Committee date	14.02.19	Green	Not yet commenced
Craft Workers' Payroll	To provide assurance that new Terms and Conditions have been implemented and are being complied with.	Original target Committee date	14.02.19	Green	Not yet commenced

SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for February 2019 Committee (continued)

Bond Trust Deed	To provide assurance that the requirements of the Bond Trust Deed are complied with.	Original target Committee date	14.02.19	Green	Not yet commenced
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018	Red Amber Green	Comment where applicable
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Originally Planned for April 2019 Committee

Digital Booking, Fees and Charges	To provide assurance over the controls around on-line booking and collection of fees and charges	Original target Committee date	30.04.19	Green	Not yet commenced
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Music Centre	To provide assurance that procedures have been improved following completion of work undertaken by Corporate Investigation Team - review of income, expenditure (procurement and payroll), and inventory	Original target Committee date	30.04.19	Green	Not yet commenced
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Management of high risk contracts	To focus on recent identified issues:- <ul style="list-style-type: none"> - 3rd Don Crossing - Photovoltaic Panels <p>To include data / intelligence used for monitoring and escalation of risk.</p>	Original target Committee date	30.04.19	Green	Not yet commenced
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Criminal Justice Service	To provide assurance that adequate control is exercised over income and expenditure, that system data is accurate and adequately supported, and that reporting arrangements between the Council and IJB are appropriate.	Original target Committee date	30.04.19	Green	Not yet commenced
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 13 June 2018
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No Planned Reporting to Committee

Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner	<p>To certify required grant claims in accordance with Programme Secretariat requirements.</p> <p><i>There will be no specific reporting to management and / or Audit Risk and Scrutiny Committee in relation to these grant claims unless a significant issue were identified.</i></p>	<p>BEGIN Project ACC Partner Claim for period 2 certified (June 2018).</p> <p>HyTrEc2 Project ACC Partner Claim for period 2 certified (June 2018)</p> <p>HyTrEc2 Overall Project Claim for period 2 certified (June 2018)</p>
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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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