

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	4 December 2018
<b>REPORT TITLE</b>	Internal Audit Progress
<b>REPORT NUMBER</b>	IA/18/017
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	David Hughes
<b>TERMS OF REFERENCE</b>	2.2 and 2.4

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### 1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2018/19 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 appendix.

### 3. BACKGROUND / MAIN ISSUES

- 3.1 The Internal Audit plan for 2018/19 was approved by the Audit, Risk and Scrutiny Committee on 22 February 2018. 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.
- 3.2 Appendix A to this report shows progress with the audits contained in the 2018/19 plan. A summary is shown in the following table.

2018/19 Planned Audit Status	As at 21 November 2018 by Original Target Committee Date						%age
	Jun 18	Sep 18	Dec 18	Feb 19	Apr 19	Total	
Complete	1	7	1	0	0	9	36.0
Draft Report Issued	0	1	1	0	0	2	8.0
Work in Progress	0	1	3	4	1	9	36.0
To Start	0	0	0	2	3	5	20.0
<b>Total</b>	<b>1</b>	<b>9</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>25</b>	<b>100.0</b>

**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
<b>Equality &amp; Human Rights Impact Assessment</b>	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.
<b>Privacy Impact Assessment</b>	Not required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	Not applicable

**9. APPENDICES**

9.1 Appendix A – Progress with 2018/19 Internal Audit Plan.

10. REPORT AUTHOR DETAILS

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## APPENDIX A

### PROGRESS WITH 2018/19 INTERNAL AUDIT PLAN

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

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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.	Draft report due to be issued	04.09.18	Green	<i>Delay due to combination of Internal Auditor resigning and availability of key officers.</i>
		Draft report issued	29.08.18		
		Management response due	07.09.18	Amber	
		Management response received	17.09.18		
		Final draft issued to management	17.09.18	Amber	
		Management confirmation received	27.09.18		
		Final Report Issued	27.09.18	Green	
		Original target Committee date	25.09.18	Amber	
		Revised target Committee date	04.12.18		
		Actual Submission to Committee	04.12.18		
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.	Draft report due to be issued	27.09.18	Green	<i>Commencement delayed at request of Service pending Chief Officer – Digital and Technology taking up post.</i>
		Draft report issued	26.09.18		
		Management response due	24.10.18	Amber	
		Meeting to discuss	10.10.18		
		Further evidence requested from Service which is now being considered by Internal Audit	23.10.18		
		TBC			
		Original target Committee date	25.09.18	Amber	
		Revised Committee Date	14.02.18		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 2018	Red Amber Green	Comment where applicable
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**Originally Planned for September 2018 Committee (continued)**

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	28.09.18	Green	<i>Commencement delayed pending planning meeting with Service</i>
		Draft report issued	28.09.18		
		Management response due	15.10.18	Green	
		Management response received	16.10.18		
		Final draft issued to management pending receipt of further information from Service and C&PSS	19.10.18	Green	
		Management confirmation received	09.11.18	Amber	
Final Report Issued	12.11.18	Green			
Original target Committee date	25.09.18	Amber			
Revised Committee Date	04.12.18				
Actual Submission to Committee	04.12.18				
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.	Draft report due to be issued	21.12.18	Green	<i>Delayed at request of Service which is developing a new strategy</i>
		Draft report issued	N/A		
		Original target Committee date	25.09.18	Amber	
Revised Committee Date	14.02.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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.	Draft report due to be issued	16.10.18	Green	Further testing required
		Draft report issued	16.10.18		
		Management response due	30.10.18	Green	
		Management response received	31.10.18		
		Final draft issued to management	22.11.18	Amber	
Management confirmation received	TBC				
Final Report Issued	TBC	Amber			
		Original target Committee date	04.12.18	Amber	
		Revised Committee Date	14.02.19		
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	Amber	Delayed due to delays with other audits and additional follow up work on recommendations.
		Revised Committee Date	14.02.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 2018	Red Amber Green	Comment where applicable
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**Originally Planned for December 2018 Committee (continued)**

Business Rates	To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.	Draft report due to be issued	04.10.18	Green	Meeting held with Service on 30.10.18 to go over report / responses.	
		Draft report issued	04.10.18			
		Management response due	25.10.18			Green
		Management response received	19.10.18			
		Final draft issued to management	02.11.18			Green
		Management confirmation received	N/A			
		Final Report Issued	19.11.18	Green		
		Original target Committee date	04.12.18	Green		
		Actual Submission to Committee	04.12.18			
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.	Draft report due to be issued	21.12.18	Green	There have been delays in information requested by Internal Audit being received from the Service. Subsequently, the Auditor undertaking this audit left Internal Audit.	
		Draft report issued	TBC			
		Original target Committee date	04.12.18	Green		
		Revised Committee Date	14.02.19			

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 2018	Red Amber Green	Comment where applicable
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**Originally Planned for December 2018 Committee (continued)**

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.)	Draft report due to be issued	21.12.18	Amber	Delayed due to delays with other audits and additional follow up work on recommendations.
		Draft report issued	TBC		
		Original target Committee date	04.12.18		
		Revised Committee Date	14.02.19		



SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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.	Draft report due to be issued	12.12.18	Green	
		Draft report issued	N/A		
		Original target Committee date	14.02.19		
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.	Draft report due to be issued	11.12.18	Green	
		Draft report issued	N/A		
		Original target Committee date	14.02.19		
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.	Draft report due to be issued	14.12.18	Green	
		Draft report issued	N/A		
		Original target Committee date	14.02.19		
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.	Draft report due to be issued	12.12.18	Green	
		Draft report issued	N/A		
		Original target Committee date	14.02.19		
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 21 November 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.	Draft report due to be issued	19.12.18	Green	Not yet commenced
		Draft report issued	N/A		
		Original target Committee date	14.02.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 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"> <li>- 3<sup>rd</sup> Don Crossing</li> <li>- Photovoltaic Panels</li> </ul> <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.	Draft report due to be issued	07.12.18	Green	
		Draft report issued	N/A		
		Original target Committee date	30.04.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 21 November 2018
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### No Planned Reporting to Committee

<p>Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner</p>	<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><i>BEGIN Project ACC Partner Claim for period 2 certified (June 2018).</i></p> <p><i>HyTrEc2 Project ACC Partner Claim for period 2 certified (June 2018)</i></p> <p><i>HyTrEc2 Overall Project Claim for period 2 certified (June 2018)</i></p> <p><i>HeatNet Project ACC Partner Claim for period 3 certified (August 2018)</i></p> <p>BEGIN Project ACC Partner Claim for period 3 – work in progress (November 2018)</p> <p>HyTrEc2 Project ACC Partner Claim for period 3 - work in progress (November 2018)</p>
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### GENERAL

<p>Contingency - Investigations and additional works.</p>	<p>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.</p>	<p>Additional works being undertaken are detailed in the following tables.</p>
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