

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	14 February 2019
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/19/001
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 2018/19 Internal Audit plans.

2. RECOMMENDATIONS

The Committee is requested to:

- 2.1 Agree to the review of Craft Workers' Terms and Conditions being moved to the 2019/20 Internal Audit Plan;
- 2.2 Agree to the review of Digital Booking, Fees and Charges being reconsidered for inclusion in the 2020/21 Internal Audit Plan; and
- 2.3 Otherwise 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 4 February 2019 by Original Target Committee Date						%age
	Jun 18	Sep 18	Dec 18	Feb 19	Apr 19	Total	
Complete	1	8	3	4	0	16	64.0
Draft Report Issued	0	0	0	0	0	0	0.0
Work in Progress	0	1	2	1	2	6	24.0
Moved to future year	0	0	0	1	1	2	8.0
To Start	0	0	0	0	1	1	4.0
Total	1	9	5	6	4	25	100.0

3.3 The 2018/19 Internal Audit Plan included an audit of Craft Workers' Terms and Conditions. The objective of this audit related to new Terms and Conditions which have not yet been agreed and implemented as discussed in previous reports to Committee relating to the follow-up of agreed recommendations. In view of this, the imminent introduction of the new Terms and Conditions, and the fact that a small sample of Craft Workers' timesheets was tested in the Timesheets and Allowances audit, reported to Committee in September 2018, it is proposed that this audit be deferred to 2019/20.

3.4 The 2018/189 Internal Audit plan also included an audit of Digital Booking, Fees and Charges. The objective of the audit was to provide assurance over the controls around on-line booking and collection of fees and charges. Digital and Technology has advised Internal Audit that, although the system has been procured, it has not yet been fully implemented. There is a programme plan detailing when each booking type will go live, but there are currently no bookings in the system. In view of this, it would not be possible, at present, to provide the planned level of assurance. It is proposed that this review be reconsidered for inclusion in the 2020/21 Internal Audit Plan.

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 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 4 February 2019	Red Amber Green	Comment where applicable
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Originally Planned for September 2018 Committee

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 Further evidence requested from Service	10.10.18 23.10.18		
		Updated draft reported issued	27.11.18	Amber	
Management confirmation received	15.01.19				
		Final Report Issued	17.01.19	Green	
		Original target Committee date	25.09.18	Amber	
		Revised Committee Date	14.02.18		
		Actual Submission to Committee	14.02.18		
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	Amber	<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	30.04.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	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	<i>Further testing required</i>
		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	21.12.18		
		Final Report Issued	04.01.19	Green	
		Original target Committee date	04.12.18	Amber	
		Revised Committee Date	14.02.19		
		Actual Submission to Committee	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.	Draft report due to be issued	22.02.19	Amber	<i>Delayed due to delays with other audits and additional follow up work on recommendations.</i>
		Draft report issued			
		Original target Committee date	04.12.18	Amber	
		Revised Committee Date	30.04.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	Red Amber Green	Comment where applicable
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Originally Planned for December 2018 Committee (continued)

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	28.02.19	Amber	<i>There were delays in information being provided by the Service as requested by Internal Audit. Subsequently, the Auditor undertaking this audit left Internal Audit.</i>
		Draft report issued	TBC		
		Original target Committee date	04.12.18	Amber	
		Revised Committee Date	30.04.19		

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	Green	<i>Delayed due to delays with other audits and additional follow up work on recommendations.</i>
		Draft report issued	13.12.18		
		Management response due	10.01.19	Green	
		Management response received	14.01.19		
		Final draft issued to management	15.01.19	Green	
		Management confirmation received	17.01.19		
Final Report Issued	04.01.19	Green			
		Original target Committee date	04.12.18	Amber	
		Revised Committee Date	14.02.19		
		Actual Submission to Committee	14.02.19		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	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	19.12.18	Green		
		Draft report issued	18.12.18			
		Management response due	11.01.19	Green		
		Management response received	04.01.19			
		Final draft issued to management	22.01.19	Amber		Various discussions held between Service management and Internal Audit
		Management confirmation received	04.02.19			
Final Report Issued	04.02.19	Green				
Original target Committee date	14.02.19	Green				
Actual Submission to Committee	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	29.11.18			
		Management response due	28.12.18	Amber		
		Management response received	13.01.19			
		Final draft issued to management	24.01.19	Amber		
		Management confirmation received	01.02.19			
Final Report Issued	04.02.19	Green				
Original target Committee date	14.02.19	Green				
Actual Submission to Committee	14.02.19					

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	Red Amber Green	Comment where applicable
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Originally Planned for February 2019 Committee (continued)

i-World Housing Management System (NPS Housing 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	14.12.18			
		Management response due	10.01.19	Amber		
		Management response received	15.01.19			
		Final draft issued to management	30.01.19	Amber		Various discussions held between Service management and Internal Audit
		Management confirmation received	01.02.19			
Final Report Issued	01.02.19	Green				
Original target Committee date	14.02.19	Green				
Actual Submission to Committee	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	15.02.19	Amber	Delays with other audits and availability of Internal Audit staff.
		Draft report issued	N/A		
		Original target Committee date	14.02.19		
		Revised Committee Date	30.04.19		

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	N/A	See below
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The objective of this audit related to new Terms and Conditions which have not yet been agreed and implemented as discussed in previous reports to Committee relating to the follow-up of agreed recommendations. In view of this, the imminent introduction of the new Terms and Conditions, and the fact that a small sample of Craft Workers' timesheets was tested in the Timesheets and Allowances audit, reported to Committee in September 2018, it is proposed that this audit be deferred to 2019/20.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	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	
		Draft report issued	21.12.18		
		Management response due	11.01.19	Green	
		Management response received	04.01.19		
		Final draft issued to management	08.01.19	Green	
Management confirmation received	25.01.19				
Final Report Issued	25.01.19	Green			
Original target Committee date	14.02.19	Green			
Actual Submission to Committee	14.02.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	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	N/A	See below
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When Internal Audit contacted Digital and Technology to commence this audit, the service advised that although the new system had been procured, it is not yet fully operational. Although there is a programme plan for when each booking type will go live, there are no booking in the system. Therefore, it would not be possible to provide the planned level of assurance over the system and its data. It is recommended that this review be considered for inclusion in the 2020/21 Internal Audit plan.

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	Draft report due to be issued	05.03.19	Green	
		Draft report issued			
		Original target Committee date	30.04.19	Green	

Management of high risk contracts	To focus on recent identified issues:- - 3 rd Don Crossing - Photovoltaic Panels	Original target Committee date	30.04.19	Green	Not yet commenced
	To include data / intelligence used for monitoring and escalation of risk.				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 4 February 2019	Red Amber Green	Comment where applicable
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Originally Planned for April 2019 Committee (continued)

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	28.02.19	Green	
		Draft report issued	N/A		
		Original target Committee date	30.04.19		

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><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 certified November 2018</p> <p>HyTrEc2 Project ACC Partner Claim for period 3 certified December 2018</p> <p>HyTrEc2 Overall Project Claim for period 3 certified December 2018</p>
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