

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/21/008
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
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 2020/21 and 2021/22 Internal Audit plans.

2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Reviews, discusses and comments on the issues raised within this report and appendices;

3. BACKGROUND / MAIN ISSUES

Internal Audit Plan 2020/21

- 3.1 The Internal Audit plan for 2020/21 was originally approved by the Audit, Risk and Scrutiny Committee on 12 February 2020. However, due to the advent of the Covid-19 Pandemic, and changes to the Council's risk profile as a result, the plan was revisited by Internal Audit and, through consultation with management, a revised plan was approved by the Urgent Business Committee on 6 May 2020. The revised plan included an indicative date by when it was planned to report each audit to Committee. Progress against the plan has been reported to each subsequent meeting of the Committee.
- 3.2 Appendix A to this report shows progress with audits contained in the 2020/21 plan which have still to be concluded and reported to the Committee. All audits have commenced and the majority are now complete or in final stages of reporting. A summary is shown in the following table:

2020/21 Planned Audit Status	As at 17 September 2021					%
	by Original Target Committee Date					
	Oct- 20	Dec- 20	Feb- 21	May- 21	Total	
Complete	5	1	2	4	12	75%
Draft Report Issued	0	1	0	0	1	6%
Work in Progress	1	0	1	1	3	19%
Total	6	2	3	5	16	100

Internal Audit Plan 2021/22

- 3.3 The Internal Audit plan for 2021/22 was approved by the Audit, Risk and Scrutiny Committee on 24 February 2021. The plan detailed what Internal Audit anticipated being able to review in the year, assuming stability in resources available to the Section. The plan included an indicative date by when it was planned to report each audit to Committee, noting that these may be subject to change based on availability of resources within Clusters to respond to Internal Audit's enquiries, resources within Internal Audit, the risk profile of the organisation, and the extent to which processes are documented and complied with.
- 3.4 It was proposed that the Chief Internal Auditor (Interim) would report back to Committee in September 2021 to reconfirm the plan or propose any necessary adjustments, to reflect the Council's changing risk context and available resources.
- 3.5 The Risk Board has regularly considered the key risks to the Council's strategic objectives, functions and activities – including horizon scanning, updates to risk profiles, consideration of the Council's risk tolerance in particular scenarios and extended analysis of specific risks. The Chief Internal Auditor (Interim) regularly attends the Board, and has given consideration to whether the risks and changes thereto have an impact on the Internal Audit plan. Generally this has reconfirmed Internal Audit's priorities as continuing to reflect key risk areas.
- 3.6 Internal Audit's resources have been constrained due to the direct and indirect impacts of Covid 19 on team absence statistics, and a series of vacancies following the departure of the former Chief Internal Auditor, recruitment for which is still ongoing. Two of the Section's key roles (the Chief Internal Auditor and one Senior Auditor) are not currently filled on a permanent basis, pending recruitment processes. Acting up arrangements have been implemented in the interim, and additional Assistant Auditors have been offered fixed term contracts to back-fill capacity. However, it has taken some time to conclude recruitment and some of this capacity will

be required for training and development. Limited management capacity has also reduced opportunities to address performance issues identified within the team. Turnover and absence has increased, including some experienced members of the team.

3.7 It is anticipated that the ongoing permanent Chief Internal Auditor (CIA) recruitment process will be concluded in October 2021. In the interim, acting-up arrangements remain in place within the team, and recruitment of Assistant Auditors is in progress. Opportunities to improve the efficiency of the team’s work are being pursued where this will not impact on the level of assurance obtained and delivered. On conclusion of CIA recruitment, the team will progress towards a full staffing complement to restore capacity currently lost through back-filling of posts.

3.8 Given the challenges set out in section 3.6, the 2021/22 Internal Audit Plan has not progressed to the extent originally anticipated to date. Work has however commenced, with a summary shown in the following table:

2021/22 Planned Audit Status	As at 17 September 2021						%
	by Original Target Committee Date						
	Jun-21	Sep-21	Dec-21	Feb-22	May-22	Total	
Complete	0	0	0	0	0	0	0%
Draft Report Issued	1	0	0	0	0	1	5%
Work in Progress	1	3	2	0	1	7	33%
To Start	0	0	2	6	5	13	62%
Total	2	3	4	6	6	21	100

3.9 Appendix B to this report details the current position with audits contained in the 2021/22 plan agreed with the Audit Risk and Scrutiny Committee in February 2021. Work has been delayed commencing some of these audits, pending progress with concluding work carried forward from the previous year. Audited Services have also indicated continuing issues with their capacity to support Internal Audit’s work as they seek to re-establish and where appropriate adjust operations following Covid 19.

3.10 Further consideration has therefore been given to prioritising the remaining audit work in line with the anticipated level of risk pertaining to each area. During 2020/21 lower-risk audits were added to a Reserve List, and thereafter removed or deferred following consultation with Officers and the Audit Committee.

- 3.11 A similar approach to reviewing and re-prioritising the Audit Plan has been undertaken for 2021/22, however it is not proposed to formally remove or defer specific pieces of work at this stage. Whilst delivery of the Internal Audit Plan within 2021/22 is at risk due to the circumstances outlined at 3.6 above, the audits included therein remain a priority, and will be progressed as resources allow. Similar to previous years, this is likely to mean a proportion of the Audit Plan will be reported to the Committee in the following financial year, and some of the indicative dates for reporting audits to the Committee may be subject to moderate delays.
- 3.12 In order to support the Chief Internal Auditor's annual report, prior to the end of the financial year assurance will be sought from relevant Services in respect of audited areas where a full review cannot be concluded within the year. More detailed review of supporting evidence will be undertaken thereafter, and reported to the Audit, Risk and Scrutiny Committee as soon as practicable in the following financial year. The areas in which this is currently anticipated to apply, on a risk-prioritised basis, have been highlighted in Appendix B, with a revised provisional reporting date of June 2022 (Committee dates pending).
- 3.13 The Internal Audit plan for 2021/22 also included elements of consultancy and support work. A summary of progress with these activities is set out in Appendix C to this report.

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 Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 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
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.
Data Protection Impact Assessment	Not required

9. APPENDICES

- 9.1 Appendix A – Progress with 2020/21 Internal Audit Plan
- 9.2 Appendix B – Progress with 2021/22 Internal Audit Plan
- 9.3 Appendix C – 2021/22 Internal Audit Consultancy Work

10. REPORT AUTHOR DETAILS

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APPENDIX A

PROGRESS WITH 2020/21 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for October 2020 Committee

Consilium System	To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans).	Audit Commenced Draft report due to be issued Draft report issued	14.01.21 08.03.21 tbc	Red	<i>The assigned auditor had sickness absences which have delayed progress.</i>
		Original Target Committee date Revised Target Committee Date	08.10.20 02.12.21	Red	Work in progress. Report anticipated December 2021.
Bon Accord Care Budget Monitoring	To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.	Audit Commenced Draft report due to be issued Draft report issued Service response Final report agreed	03.12.20 18.02.21 26.05.21 02.07.21 19.07.21	Amber	<i>The assigned auditor had sickness absences which have delayed progress.</i> Report concluded
		Original Target Committee date Revised Target Committee Date	08.10.20 29.09.21	Red	Publication originally suspended pending BAC's Audit Committee, which was further delayed. Subsequently agreed with BAC Finance Director.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for December 2020 Committee

Mental Health and Substance Abuse	To provide assurance that appropriate processes are in place to manage and record support arrangements and that expenditure is adequately controlled, including approval / management of discretionary support.	Audit Commenced	19.01.21	Red	<i>The assigned auditor has had sickness absences which have delayed progress.</i>
		Draft report due to be issued	31.03.21		
		Draft report issued	13.08.21		
		Original Target Committee date	09.12.20	Red	Work in progress.
		Revised Target Committee Date	02.12.21		
					The draft report has been issued for comment.
					Report anticipated December 2021.

Originally Planned for February 2021 Committee

Vehicle Replacement	To provide assurance that the Council has an appropriate vehicle replacement policy, and that procurement complies with policy and procurement regulations / governance.	Audit Commenced	21.01.21	Amber	<i>Commencement was delayed pending conclusion of other work.</i>
		Draft report issued	09.06.21		
		Service response	29.06.21		
		Final report agreed	06.08.21		
		Original Target Committee date	24.02.21		Complete
		Presented to Committee	29.09.21		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for February 2021 Committee (continued)

School / Pupil Security	<p>To provide assurance that the Council has adequate arrangements regarding school security to include those in place to:</p> <ul style="list-style-type: none"> •Control access to schools •Ensure that knives / weapons are not brought into schools •Know where pupils are during the school day • Escort vulnerable young people 	<p>Audit Commenced Draft report due to be issued</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>02.11.20 31.12.20</p> <p>24.02.21 Tbc.02.22</p>	<p>Red</p> <p>Red</p>	<p><i>Commenced November 2020, access and Service availability is restricted due to Covid 19.</i></p> <p><i>Due to revised Covid measures applicable between December 2020 and February 2021, the Service did not have capacity to assist Internal Audit's review. The Service was asked to provide a revised date for work to recommence.</i></p> <p>This was on hold pending return from school holidays. The Service has requested the audit now commence following the October break.</p> <p>Report anticipated February 2022.</p>
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for May 2021 Committee

Capital Project Management	To provide assurance that the management and reporting of on-going capital projects is adequate and that appropriate post completion reviews are completed so that lessons learned can be recorded and acted upon.	Audit commenced Draft report issued Service response Original Target Committee date Revised Target Committee date	22.06.21 12.05.21 02.12.21	Red	Commenced June 2021 Work in progress. Report anticipated February 2022.
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Housing Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.	Audit Commenced Draft report issued Service response Final report agreed Original Target Committee date Presented to Committee	17.03.21 18.05.21 30.07.21 31.08.21 12.05.21 29.09.21	Amber	Service response delayed. Complete
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for May 2021 Committee (continued)

Health & Safety Arrangements in Operations and Protective Services	<p>To provide assurance that appropriate processes are being employed in managing health and safety within the Cluster. This follows on from a corporate review and is intended to provide assurance that corporate processes are being employed in managing the risks.</p> <p>This review will also cover two aspects of public safety – water safety and cemetery headstones – to provide assurance that the Council has appropriate arrangements in place to manage these areas.</p>	<p>Audit Commenced Draft report due to be issued Draft report issued Final report agreed</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>19.01.21 31.03.21 12.05.21 23.08.21</p> <p>12.05.21 29.09.21</p>	Amber	Complete
Timesheets and Allowances	<p>To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.</p>	<p>Audit Commenced Draft report issued Service response Final report agreed</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>29.01.21 01.06.21 18.06.21 31.08.21</p> <p>12.05.21 29.09.21</p>	Amber	Complete

APPENDIX B

PROGRESS WITH 2021/22 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Originally Planned for June 2021 Committee

IT Infrastructure Resilience	To obtain assurance over the procurement and adequacy of the Council's IT infrastructure systems.	Audit Commenced Draft report due to be issued Revised Target Committee date	02.05.21 23.07.21 02.12.21	High (Risk to various aspects of Council business)	<i>Temporarily suspended pending the new CO – Digital & Technology commencing in post.</i> The audit programme remains under discussion with the CO – Digital & Technology. Report anticipated December 2021.
Licensing Income	To provide assurance over the processes in place for controlling income from licensing applications.	Audit Commenced Draft report issued Revised Target Committee date	28.05.21 02.09.21 02.12.21	Low (Largely routine, financial and compliance risks)	System access delayed due to service requirements. The draft report has been issued for comment. Report anticipated December 2021.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for September 2021 Committee

Commissioning	Review of plans and progress with implementation of the Council's Strategic Commissioning Approach set out in the Council Delivery Plan	Audit Commenced Target Committee date Revised Target Committee date	16.07.21 29.09.21 02.12.21	Medium (Risk to strategic plan delivery)	Work in progress. Report anticipated December 2021.
Children with Disabilities	To obtain assurance that care is being arranged and paid for in accordance with procedure to secure best value outcomes.	Audit Commenced Target Committee date Revised Target Committee date	30.06.21 29.09.21 02.12.21	Medium (Financial and care management risks)	Work in progress. Report anticipated February 2022.
Financial Interfaces	To obtain assurance that appropriate checks and balances are in place to confirm the accuracy of information transferred into the financial system.	Audit Commenced Draft report issued Target Committee date Revised Target Committee date	11.06.21 tbc 29.09.21 02.12.21	Medium (Key systems / processes)	Work in progress. Delayed due to Service and Auditor availability. Report anticipated December 2021.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for December 2021 Committee

Recruitment	To obtain assurance over adherence to the recruitment process, including pre-employment checks and document retention.	Audit Commenced Target Committee date	01.07.21 02.12.21	Medium (Key systems / processes)	Report anticipated February 2022.
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Attendance Management	To obtain assurance over compliance with corporate policy and determine whether the Council's absence improvement plan is having a positive impact on attendance.	Audit Commenced Target Committee date Revised Target Committee date	tbc 02.12.21 30.06.22	Medium (Key systems / processes)	In March 2020 all employee relations processes were suspended due to the pandemic, some casework was recommenced in October 2020 but a return to business as usual only recommenced in April 2021. The Service has requested that audit fieldwork be deferred until January 2022 by when there should be a period of greater normalisation from which to assess. Report anticipated June 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for December 2021 Committee (continued)

Revenue Budget Monitoring	To ensure that robust procedures are in place for monitoring the revenue budget.	Audit Commenced Target Committee date	03.09.21 02.12.21	Medium (Key systems / processes)	Work in progress. Report anticipated December 2021.
Care Establishments	To obtain assurance over financial administration including payroll, timesheets, purchasing.	Audit Commenced Target Committee date	tbc 02.12.21	Medium (Key systems / processes)	Report anticipated February 2022.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for February 2022 Committee

Debt recovery	To ensure that procedures for recovering debts are adequate, efficient, and consistently applied.	Audit Commenced Target Committee date	tbc Tbc.02.22	High (Key systems / processes)	Report anticipated June 2022.
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Client Transport	To obtain assurance over procurement, provision and management of transport for educational and social care needs	Audit Commenced Target Committee date	. tbc Tbc.02.22	Medium (Financial and care management risks)	Procurement risks are being considered under consulting work with C&PSS (see Appendix C) Report anticipated June 2022
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Following the Public Pound	To obtain assurance that grant payments to external organisations during financial year 2021/22 comply with the Council's policy and procedure, including the Following the Public Pound code of practice.	Audit Commenced Target Committee date	tbc Tbc.02.22	High (Discretionary, Key systems / processes)	Report anticipated February 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for February 2022 Committee (continued)

Land and Property	To review systems and procedures in place for ensuring that the Council has surety over the Land and Buildings it owns, including title.	Audit Commenced Target Committee date	tbc Tbc.02.22	Low (Compliance risks)	Report anticipated June 2022
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for June 2022 Committee (Originally noted as May 2022, Committee date is 30 June 2022)

Payroll and HR system amendments	To obtain assurance over the accuracy and completeness of the payroll as a result of changes to the workforce.	Audit Commenced Target Committee date	tbc 30.06.22	Medium (Key systems / processes)	Report anticipated June 2022.
Staff resourcing	To obtain assurance over adherence to procedures for internal movement of staff, use of relief pool staff, and agency worker engagement procedures.	Audit Commenced Target Committee date	tbc 30.06.22	Medium (Key systems / processes, new system)	Report anticipated June 2022.
Private Sector Housing	To ensure that adequate control is being exercised over income and expenditure.	Audit Commenced Target Committee date	tbc 30.06.22	Low (Financial risks)	Report anticipated June 2022
Financial Administration - Waste	To obtain assurance over financial administration including payroll, timesheets, and purchasing.	Audit Commenced Target Committee date	tbc 30.06.22	Low (Financial / compliance risks)	Assurance is still required over application of key processes in operation. Report anticipated June 2022

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for June 2022 Committee (continued)

Planning and Building Standards fee income	To provide assurance that there are adequate systems in place to control fee income and that they are being complied with.	Audit Commenced Target Committee date	24.08.21 30.06.22	Medium (Financial risks, complexity)	Work in progress. Report anticipated June 2022.
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Care Management Recording and Transactions	To obtain assurance over coordination, recording and payment for care services.	Audit Commenced Target Committee date	tbc 30.06.22	Medium (Key systems / processes, new system)	Report anticipated June 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Other Committees

<i>Transformational Programme (IJB Risk Audit & Performance Committee)</i>	<i>To provide assurance that the IJB is continuing to make progress with delivery of its transformation agenda.</i>	<i>Audit Commenced Target Committee date (IJB RAPC)</i>	<i>tbc February 2022</i>	<i>High (Key programme, main IJB audit)</i>	<i>In line with previous agreement between Aberdeen City Council and the IJB, the report will be presented to the next available Audit Risk & Scrutiny Committee following presentation to the IJB RAPC.</i>
<i>Pensions System (Pensions Committee)</i>	<i>To consider whether appropriate control is being exercised over the system used to administer the Fund, including access, contingency planning and disaster recovery, data input, and that interfaces to and from other systems are accurate and properly controlled.</i>	<i>Audit Commenced Target Committee date (Pensions)</i>	<i>tbc February 2022</i>	<i>High (Key system, main Pensions audit)</i>	<i>Pension fund reports are not separately reported to Audit Risk & Scrutiny.</i>

APPENDIX C

2021/22 INTERNAL AUDIT CONSULTANCY WORK

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021
Compliance with Procurement Regulations	To support the Commercial and Procurement Shared Service in developing its controls and approach to improving compliance with procurement requirements.	Feedback has been provided to the Commercial and Procurement Shared Service on planned changes to improving compliance.
Cyber Security	To support the Digital and Technology Service in obtaining assurance and further developing controls over the Council's Cyber Security arrangements.	Discussions have commenced with the new CO - Digital and Technology with a view to identifying areas where Internal Audit input might add value.
Social Care System controls and readiness for deployment	To support the Digital and Technology Service in its development of controls in respect of the new social care system.	Engagement with Digital and Technology and key service officers has highlighted the key controls anticipated within the new system to ensure these are being considered at appropriate stages of system development.