

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	22 February 2022
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Recommendations
<b>REPORT NUMBER</b>	IA/22/002
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale
<b>TERMS OF REFERENCE</b>	2.3

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### **1. PURPOSE OF REPORT**

- 1.1 This report advises the Committee of progress made by Services with implementing recommendations that have been agreed in Internal Audit reports.

### **2. RECOMMENDATIONS**

- 2.1 The Committee is requested to review, discuss and comment on the contents of this report and the attached appendices.

### **3. BACKGROUND / MAIN ISSUES**

- 3.1 The Public Sector Internal Audit Standards require that Internal Audit monitors the implementation of agreed recommendations until they are implemented by management. The Corporate Management Team and the Audit, Risk and Scrutiny Committee receive a report from Internal Audit at each of their meetings which shows progress made.
- 3.2 However, circumstances may change following completion of an Internal Audit. Having investigated implementation more fully, a recommendation may, for example, take longer to implement, or the cost of implementation may be higher, than originally anticipated. In these circumstances either more time may be required, or management may conclude, based on the risk to the organisation, that the recommendation should no longer be implemented. Where this is the case, management will make recommendations regarding how the agreed recommendation should be treated.
- 3.3 The attached appendices show progress made by services with completing agreed Internal Audit recommendations falling due up to the end of December 2021, based on assurances received from officers tasked with their implementation and independent checks where appropriate. All actions are due at the end of the specified month – e.g., 31 December 2021.

3.3.1 During 2021/22 99 agreed actions have been completed, including 16 completed since our last update to the Committee. There are currently 12 overdue actions, eight rated as Significant and four as Important. Of the eight Significant overdue actions, five have been overdue by more than six months, with three overdue less than six months. Of the four Important actions, two have been overdue by more than six months, with two overdue less than six months. An explanation of the gradings used is shown at appendix B.

3.4 Where recommendations have not been completed by their original due date, reasons are provided along with recommendations from management (where appropriate) regarding how and when the agreed Internal Audit recommendation will be concluded or whether it should no longer be implemented.

**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. Those not implemented by their agreed due date are detailed in the attached appendices.

**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**

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result,

	there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
<b>Data Protection Impact Assessment</b>	Not required

**9. APPENDICES**

9.1 Appendix A – Position with Agreed Recommendations

9.2 Appendix B – Grading of Recommendations

**10. REPORT AUTHOR DETAILS**

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## **APPENDIX A**

### **Contents:**

- 1) Agreed actions Completed during 2021/22
- 2) Agreed actions Completed since last reported to Committee
- 3) Overdue actions by Function and Grading
- 4) Significant actions Overdue by more than 6 months
- 5) Significant actions Overdue by less than 6 months
- 6) Important actions Overdue by more than 6 months
- 7) Important actions Overdue by less than 6 months

## INTERNAL AUDIT RECOMMENDATIONS

### 1) Agreed actions completed during 2021/22

Complete during current financial year

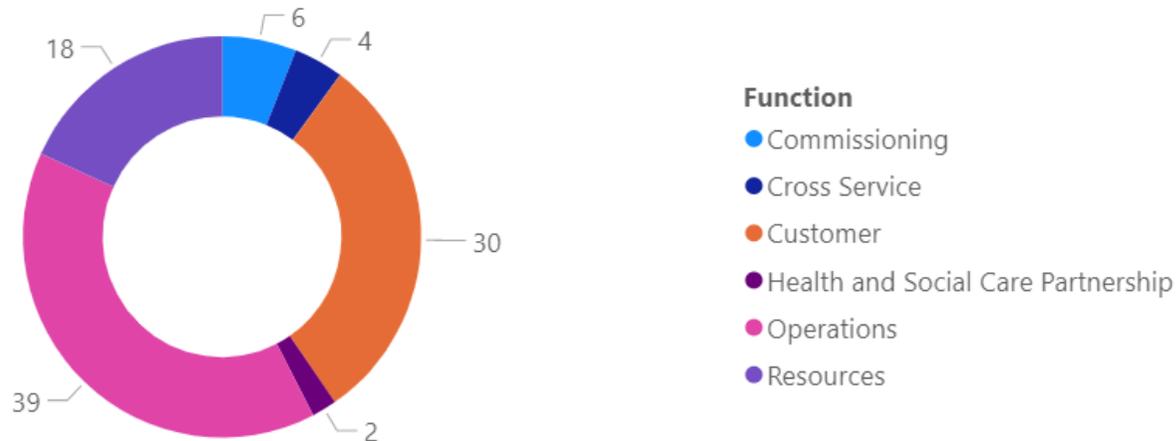
01/04/2021 08/02/2022



Total Complete

99

Number of recommendations by Service



Function	1) Important	2) Significant	3) Major - Service	4) Major - Corporate	Total
Commissioning		4		2	6
Cross Service	1	3			4
Customer	10	20			30
Health and Social Care Partnership	1	1			2
Operations	7	31	1		39
Resources	6	12			18
<b>Total</b>	<b>25</b>	<b>71</b>	<b>1</b>	<b>2</b>	<b>99</b>

## 2) Agreed actions completed since last reported in December 2021

Complete since last Committee

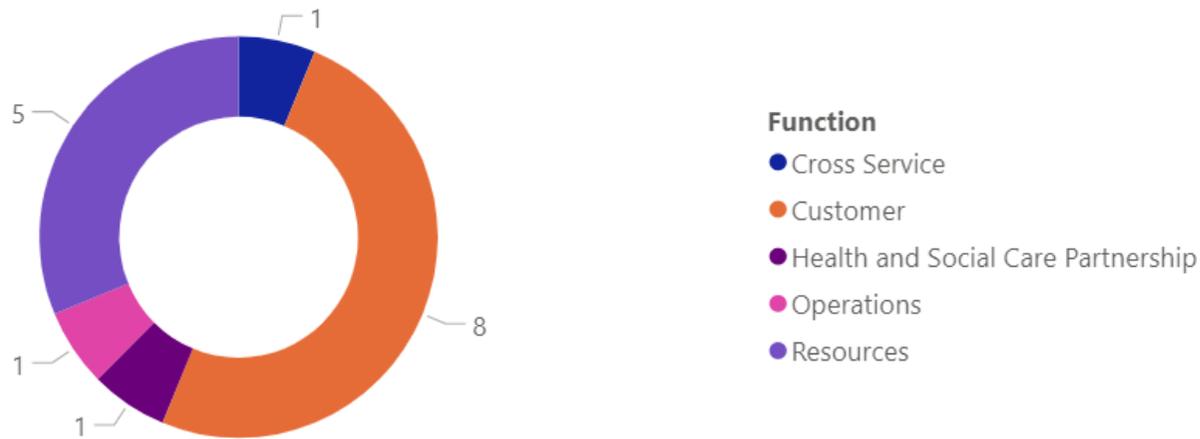
19/11/2021

08/02/2022

Total Complete

16

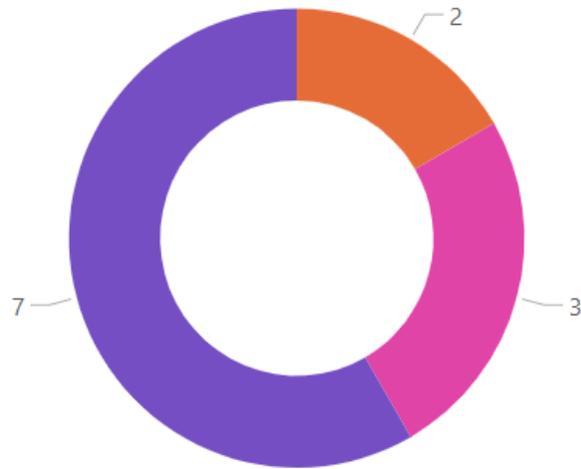
Number of recommendations by Service



Function	1) Important	2) Significant	Total
Cross Service	1		1
Customer	2	6	8
Health and Social Care Partnership		1	1
Operations		1	1
Resources		5	5
<b>Total</b>	<b>3</b>	<b>13</b>	<b>16</b>

### 3) Overdue actions – by Service and Grading – due on or before 31 December 2021

Number of recommendations by Service



Function

- Customer
- Operations
- Resources

Total overdue

**12**

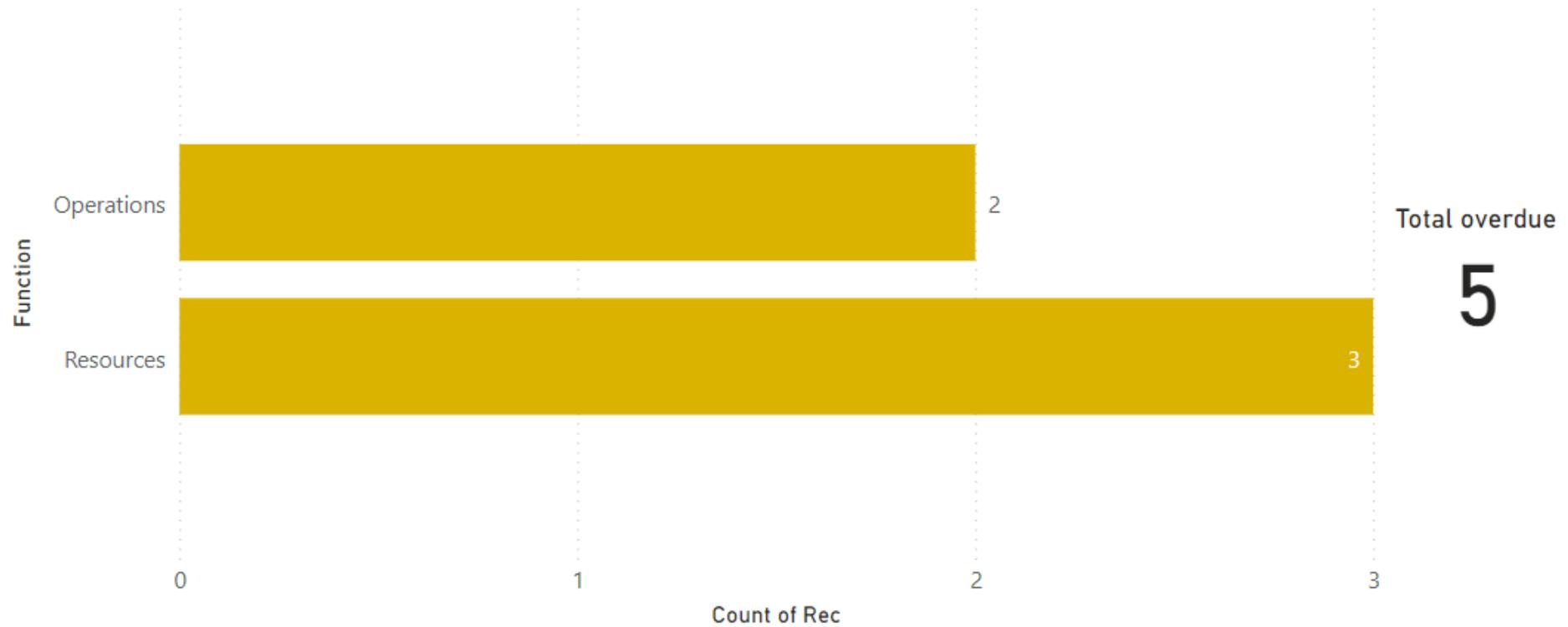
Function	1) Important	2) Significant	Total
Customer	2		2
Operations		3	3
Resources	2	5	7
<b>Total</b>	<b>4</b>	<b>8</b>	<b>12</b>

Function	a) Less than six months	b) Over six months	c) Over one year
Customer	1		1
Operations	1		2
Resources	3	2	2
<b>Total</b>	<b>5</b>	<b>2</b>	<b>5</b>

#### 4) Significant Overdue actions in excess of 6 months – Summary

Number of Significant recommendations overdue by more than 6 months by Function

Grading\_ ● 2) Significant



## Significant Overdue actions in excess of 6 months – Detail

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Integrated Children's and Family Services	<b>AC2021</b> - <b>SEEMIS</b>	2.4.10b: Required Data Sharing Agreements will be developed where not in place. (Significant within audited area)	Sep-20	<b>Mar-22</b>	<p>The Service previously noted that this was progressing but as it involves a number of partners with whom there are ongoing discussions regarding data sharing arrangements this has been delayed and would now be completed by March 2021. Work continues to put this in place, however it has not progressed as quickly as hoped. Completion was subsequently anticipated by the end of December 2021.</p> <p>Data sharing agreements are in place with key partners – with the exception of the NHS. This is being progressed as part of an overarching agreement for the Grampian region being led by the Council's Data Protection Officer. A draft has been shared with partners, and this is being progressed via the Chief Officers group.</p>	In progress	4

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Operations and Protective Services	<b>AC2013 - School Catering Income &amp; Procurement</b>	2.4.4: The Service should work with Commercial and Procurement Services to progress the tendering process for a cashless catering contract. (Significant within audited area)	Dec-20	<b>Feb-22</b>	The Scotland Excel framework for Online School Payments, Cashless Catering, Kitchen Management and Nutritional Analysis Systems was awarded by Scotland Excel on 29 October 2021. As an alternative to procuring through Scotland Excel, the service had been asked by Digital & Technology (D&T) colleagues to engage with our partners at Microsoft to determine whether they could build a suitable replacement system for the service. Following meetings with Microsoft where they were given the system scope, D&T colleagues have advised that although it is feasible for Microsoft to build such a system, because of the complexity of the system requirements, priority could not be given currently but it could be visited as an option later in the digital roadmap. As such, the Service will take a Procurement Business Case to the Strategic Commissioning Committee meeting of 24 February 2022.	In progress	7
Resources: Corporate Landlord	<b>AC2017 - Industrial &amp; Comm cial Propertie s</b>	2.2.2: The Service should update the Property Estates Strategy. (Significant within audited area)	Apr-21	<b>Jul-23</b>	An extension to the April 2021 implementation date has been given until July 2023 to allow the Property Strategy to be determined when post covid 19 market conditions and needs are clearer.	In progress	1

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: Finance	<b>AC2009 - Travel Policy</b>	2.4.4b: Ensuring value for money with the Travel Partnering arrangements and other significant supplies will be incorporated into the procurement compliance review (Significant within audited area)	Dec-20	<b>Dec-21</b>	<p>There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual.</p> <p>The travel partnering review has been deferred due to Covid. It was considered that we should see what the travel footprint looked like post-Covid more closely before re-procuring travel arrangements. This will be completed by December 2021.</p>	Awaiting update	1
Resources: Finance	<b>AC2009 - Travel Policy</b>	2.4.6: The Council should ensure that action is taken to comply with its Procurement Regulations in respect of travel related expenditure (Significant within audited area)	Dec-20	<b>Mar-22</b>	<p>There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual.</p> <p>The procurement compliance review has been deferred due to Covid. A revised date of July 2021 was proposed.</p> <p>After ongoing resource prioritisation to other activities and lower levels of travel the recommendation remains outstanding. Looking forward the Chief Officer confirms that the date for addressing this recommendation should be March 2022. The team has engaged with the Commercial &amp; Procurement Service to ensure that the appropriate actions are taken to achieve this.</p>	In progress	2

### 5) Significant Overdue actions less than 6 months – Summary

Number of recommendations overdue by less than 6 months by Function and Grading

Grading\_ ● 2) Significant



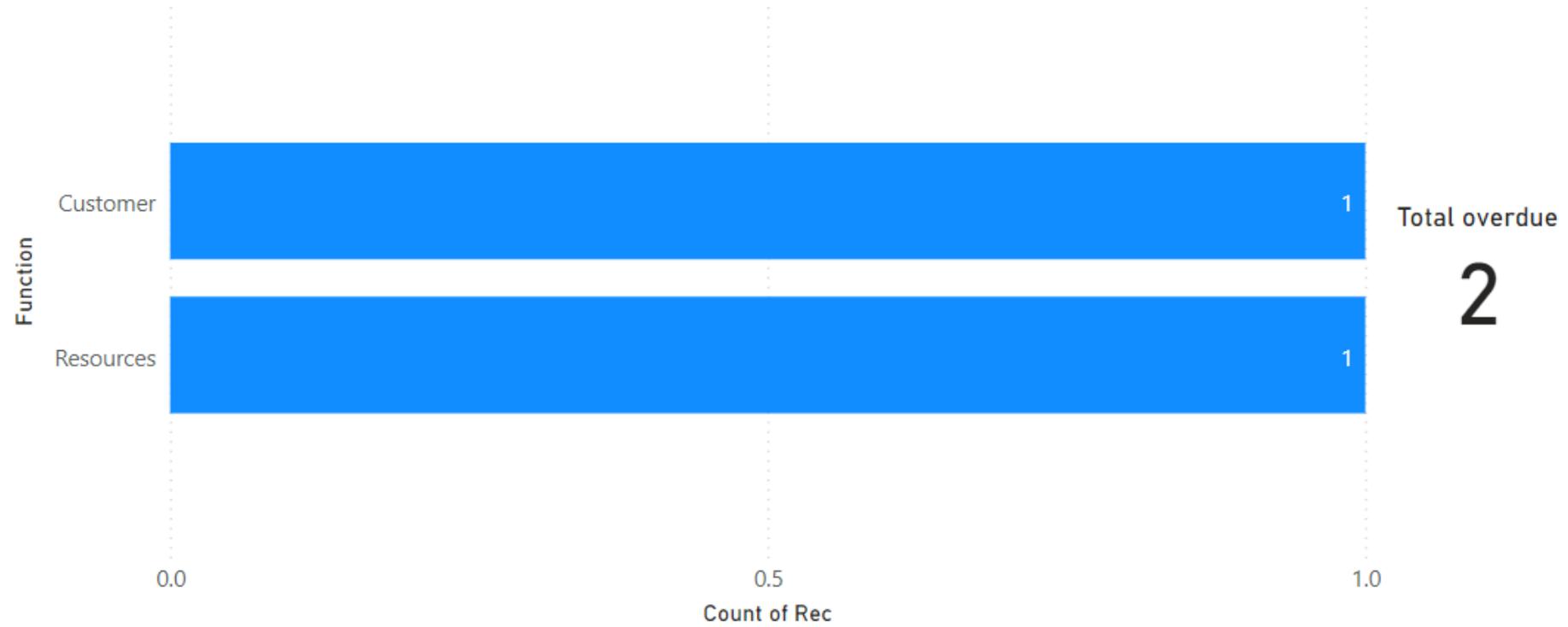
## Significant Overdue actions less than 6 months – Detail

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: People and Organisation	<b>AC2018 - Workforc e Planning</b>	2.7.10: Progress on the Workforce Plan should be reported to Committee when appropriate. (Significant within audited area)	Dec-21	<b>Dec-21</b>		Awaiting update	
Operations: Integrated Children's and Family Services	<b>AC2028 - Fostering, Adoption &amp; Kinship</b>	2.1.6: The Service should review whether all payments can be controlled via the CareFirstsystem. (Significant within audited area)	Aug-21	<b>Jun-22</b>	While the Service had considered this option the current Carefirst / Carepay system is limited and cannot be adapted at present. A new system is being devised, to which the service will contribute to ensure that the payments system is streamlined. It was expected the new system would be available by now however further delays have been incurred and the new system is now not likely to be available until April 2022 with subsequent training of staff expected to result in the system being fully functional by June 22.	In progress	4
Resources: Finance	<b>AC2104 - Financial Sustainab ility</b>	2.2.24: The Service should ensure that progress with implementing Financial Sustainability risk control actions, and the extent to which each action contributes to reducing risk scores, is clearly supported. (Significant within audited area)	Sep-21	<b>Mar-22</b>	Service have progressed the process but ongoing budget setting priorities mean it will not be concluded before March 22	In progress	4

## 6) Important Overdue actions in excess of 6 months – Summary

Number of Important recommendations overdue by more than 6 months by Function

Grading\_ ● 1) Important



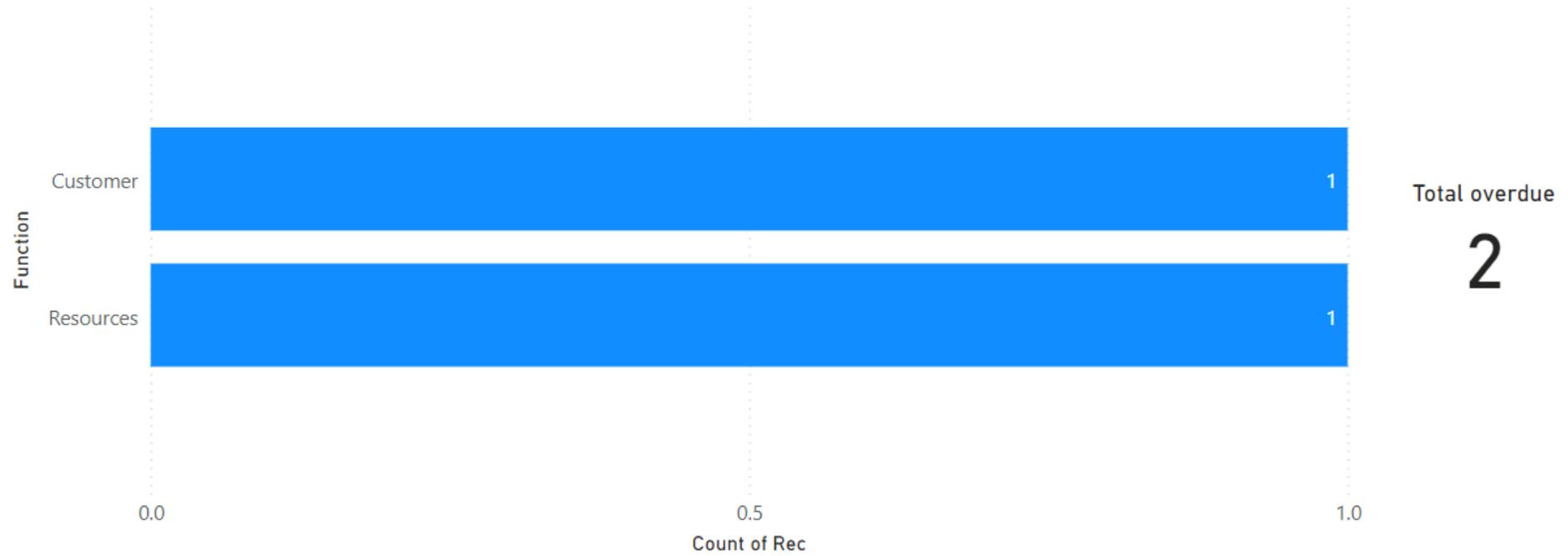
## Important Overdue actions in excess of 6 months – Detail

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Finance	<b>AC2012 - Cash Collection Offices</b>	2.9.2b: The Chief Officer – Finance in consultation with the Chief Officer – Corporate Landlord will review the inventory arrangements outlined within the Financial Regulations and design a new process for the management of inventories. (Important within audited area)	Jun-20	<b>Mar-22</b>	<p>The Committee was last advised that the inventory arrangements were updated in the Financial Regulations updated in March 2020 that set the principles for the new process. Due to other priorities in the Finance Cluster as a result of Covid, this process has been delayed. In addition, managing inventory during the pandemic with significant changes for staff in their operational places of work has required reconsideration of the process. It was proposed that the action completion date is moved to March 2021.</p> <p>It was subsequently proposed that the action completion date is moved to June 2021.</p> <p>Prioritisation of this action will be changed to ensure a procedure is in place for the end of the financial year, March 2022</p>	In progress	3
Resources: Corporate Landlord	<b>AC2017 - Industrial &amp; Commercial Properties</b>	2.2.14: The Service should consider whether different approaches to property management could be applied across parts of the Investment Portfolio which might increase Portfolio income and deliver Portfolio objectives more efficiently and effectively. (Important within audited area)	Apr-21	<b>Dec-21</b>	An Extension has been requested until December 2021 to allow the Service to take forward the review of the commercial estate as part of Transformational Board activities under more settled market conditions.	Awaiting update	1

### 7) Important Overdue actions less than 6 months – Summary

Number of recommendations overdue by less than 6 months by Function and Grading

Grading\_ ● 1) Important



### Important Overdue actions less than 6 months – Detail

Service <i>(Report Lead: Action Lead)</i>	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: Corporate Landlord	<b>AC2017 - Industrial &amp; Commerc ial Propertie s</b>	2.3.11: The Service should review the efficiency of the leasing administration process. (Important within audited area)	Dec-21	<b>Dec-21</b>		Awaiting update	
Customer: Early Intervention and Community Empowerme nt	<b>AC2117 - Housing Waiting List and Allocatio ns</b>	2.1.2: System guidance should be reviewed and updated. (Important within audited area)	Sep-21	<b>Apr-22</b>	The Cluster has advised that due to the service transformation system guidance will be updated once it is known how the systems will be developed as there will be some significant changes. A working group has been established to review all current procedures, processes and staff guides. Due to the large number of documents to be reviewed the Cluster is not currently able to advise when the process will be complete but progress will be reviewed at the end of April 2022.	In progress	2

## APPENDIX B

### Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level / within audited area</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.  Financial Regulations have been consistently breached.
<b>Significant within audited area</b>	Addressing this issue will enhance internal controls.  An element of control is missing or only partial in nature.  The existence of the weakness identified has an impact on a system's adequacy and effectiveness.  Financial Regulations have been breached.
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.