

REPORT TO SCRUTINY AND AUDIT COMMITTEE – 14 DECEMBER 2017

INTERNAL AUDIT PROGRESS WITH 2017/18 AUDIT PLAN

1. Recommendations

The Committee is requested to

1.1 Approve the rescheduling of the planned audits of Teachers Payroll and Business Rates from 2017/18 to 2018/19; and

1.2 Otherwise review, discuss and comment on the issues raised within this report and the attached appendices.

2. Discussion

2.1 This report advises the Committee of Internal Audit's progress during the current year.

2.2 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report. Any comments made have been incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

3.1 The Committee is able to discuss this item in terms of Sections G.1.1.d and G.1.4 of the List of Committee Powers in Part 2A of the Scheme of Governance as the Committee is responsible for Internal Audit matters and reviewing the activities of Internal Audit.

4. Internal Audit's progress during 2017/18

4.1 It is one of the functions of the Audit Committee to review the activities of the Internal Audit function, including its annual work programme. Internal Audit reports interim progress each December and provides a full year report following the end of the financial year.

4.2 Appendix A to this report details the audits carried forward from 2016/17 and the current position with regard to these. Appendix B details the position relating to audits contained in the 2017/18 plan which was approved by Committee on 29 March 2017.

4.3 All but one of the residual 2016/17 audits have been completed, with the final one being in a draft with the appropriate Service to respond. Some of the audits have taken longer to complete than anticipated when included in the plan due to issues identified and there have also been delays in clearing some reports with Services.

- 4.4 Progress with the 2017/18 planned work is slightly ahead of that achieved at the same point in 2016/17. The following table compares the position at the end of November in each of the last three years.

Audit Status	November 2015	%age	November 2016	%age	November 2017	%age
Complete	13	21.0%	15	26.3%	18	31.0%
Draft Report Issued	14	22.6%	8	14.0%	8	13.8%
Work in Progress	10	16.1%	11	19.3%	12	20.7%
Cancelled / Moved	3	4.8%	1	1.8%	2	3.4%
To be Commenced	22	35.5%	22	38.6%	18	31.1%
Total	62	100%	57	100%	58	100%

- 4.5 The Internal Audit team has been operating at less than full establishment during the year to date due to higher than usual sickness absence, whilst three Assistant Auditors resigned in quick succession. The vacant posts have subsequently been filled.
- 4.6 Internal Audit continues to be spend significant time following up the implementation of agreed recommendations. Whilst most Service areas are now responding more timeously, some don't respond until draft Committee reports, containing details of the overdue recommendations, are circulated for consultation. Whilst responses during this consultation period often result in the data being removed from Committee reports, this is inefficient and has had an impact on the amount of time being spent on Committee reports (both for Internal Audit and senior management). Some Services continue to require additional support and advice from Internal Audit to implement agreed recommendations.
- 4.7 Business Services and Infrastructure Services have introduced new processes for managing progress with implementing recommendations which should assist in ensuring up-to-date information is available when Committee reports are being drafted.
- 4.8 It is proposed that the planned audit of Teachers Payroll, which was included in the 2017/18 Internal Audit plan to ensure that new arrangements are adopted that ensure salaries are calculated in accordance with new SNCT requirements, be deferred to 2018/19. This is because of delays at a national level in introducing the new SNCT requirements.
- 4.9 In addition, it is proposed to delay the planned audit of Business Rates to 2018/19. Finance is developing and testing on-line forms and back office integration and there are likely to be some major legislative changes that have to be factored into the system for 2018/19. It would be preferable to provide assurance over these changes when undertaking the planned audit.

5. Implications and Risk

- 5.1 An equality impact assessment is not required because the reason for this report is for Committee to discuss and comment on the findings of Internal Audit work and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 5.2 There are no staffing or financial implications arising directly from this report other than those implicit in the tightening of internal controls recommended in the Internal Audit reports.
- 5.3 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.

CHIEF INTERNAL AUDITOR

Report prepared by David Hughes, Chief Internal Auditor.
28 November 2017.

APPENDIX A

2016/17 Audit Work carried forward into 2017/18:

Service	Audit Topic	Position
Business Services	Social Media	Complete August 2017
	Fixed Asset Register	Complete May 2017
	CRM System	Complete September 2017
	Treasury Management	Complete May 2017
	Budget Monitoring	Complete July 2017
	Debtors System	Complete May 2017
	Benefits	Complete June 2017
	Payroll System	Complete October 2017
	Payroll Processes	Complete October 2017
	Health and Safety	Complete May 2017
	Deployment of Microsoft Technology	Complete June 2017
	Halls	Complete July 2017
	Education and Children's Services	Children's Homes
Sports Facilities		Complete May 2017
Aberdeenshire Health & SC Part	Criminal Justice Service	Complete September 2017
Infrastructure Services	Transportation Purchasing and Creditors	Complete July 2017
	School and Supported Local Bus Services Tendering	Complete April 2017
	Building Maintenance Establishment Visits	Complete August 2017
	Car Park Income	Draft Report issued August 2017

APPENDIX B - 2017/18 Audit Work:

Service	Audit Topic	Position	
Corporate / Cross Service	Timesheets & Allowances	Complete June 2017	
	Business Continuity Planning	Complete September 2017	
	New Governance Arrangements	Complete October 2017	
	Compliance with Procurement Related Legislation and Council Regulations	Complete October 2017	
	Overtime	Complete October 2017	
	Climate Change Action Plan	Draft Report issued September 2017	
	Attendance Management	Work in Progress	
	Partnerships and Joint Working	Work in Progress	
	Changes in Government Policy, Legislation and Regulation		
	Business Services	Payroll Reconciliations	Complete August 2017
		Procurement of ICT hardware, software, etc outwith ICT	Draft Report issued July 2017
		Purchase Cards	Draft Report issued August 2017
		Training for Councillors	Draft Report issued October 2017
Pensions		Draft Report issued November 2017	
Balance Sheet Codes		Work in Progress	
Benefits		Work in Progress	
Mobile Telephony		Work in Progress	
Creditors System			
City Region Deal			
Fixed Asset Register			
Budget Setting Process			
Leavers' Procedures			
Change Management (ICT)			
System Recovery			
Developer Obligations			

APPENDIX B - 2017/18 Audit Work (continued):

Service	Audit Topic	Position	
Business Services (cont)	Councillors Code of Conduct		
	Estates Rationalisation		
	Hard FM Contract		
	Business Rates	Move to 2018/19	
Education and Children's Services	Primary Schools	Complete August 2017	
	Libraries	Complete September 2017	
	Education Maintenance Allowances	Complete October 2017	
	PFI / PPP Charges	Complete November 2017	
	Proposed Sport and Culture Trust	Complete November 2017	
	Procurement	Complete November 2017	
	Health and Safety (SSERC)	Draft Report issued November 2017	
	Academies	Work in Progress	
	Community Centres	Work in Progress	
	Catering Procurement	Work in Progress	
	Out-of-Authority Placements		
	Raising Attainment and Closing the Gap		
	Teachers Payroll	Move to 2018/19	
	Aberdeenshire Health and Social Care Partnership	Day Care Establishment Visits	Complete September 2017
		Social Work Tendering	Complete November 2017
		Joint OT Store	

APPENDIX B - 2017/18 Audit Work (continued):

Service	Audit Topic	Position
Infrastructure Services	MOT and Taxi Licensing	Complete September 2017
	EAFRD Grant Claim	Complete October 2017
	Gas Servicing	Complete October 2017
	Vehicle Usage	Complete November 2017
	Homeless Persons Budget	Draft Report issued November 2017
	Recycling	Draft Report issued November 2017
	Housing Tendering Procedures	Work in Progress
	Roads Procurement and Tendering	Work in Progress
	Regeneration	
	Quarries	
	Roads Project Management and Job Control	
	Bus Service Operators Grant	On-going – No reporting to Committee
	Interreg Projects	On-going – No reporting to Committee