

## REPORT TO THE AUDIT COMMITTEE – 25 MARCH 2021

### INTERNAL AUDIT PROGRESS WITH 2020/21 AUDIT PLAN

#### 1. Reason for Report / Summary

- 1.1 This report advises the Committee of Internal Audit's progress against planned work during the current year.

#### 2. Recommendation

**The Committee is recommended to:**

**2.1 Review, discuss and comment on the issues raised within this report and the attached appendices; and**

**2.2 Approve the proposals to defer and remove items from the Internal Audit Plan for 2020/21, as set out in Appendix C.**

#### 3. Purpose and Decision-Making Route

##### 3.1 Purpose

- 3.1.1 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.

##### 3.2 Decision-Making Route

- 3.2.1 Details contained within this report have not previously been considered by this, or another Committee.

#### 4. Discussion

- 4.1 Appendix A to this report details the audits carried forward from 2019/20 and the current position with regard to these. Appendix B details the position relating to audits contained in the 2020/21 plan which was approved by Committee on 21 May 2020, and adjusted in December 2020.
- 4.2 Some of the residual 2019/20 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. With the exception of one audit which is nearing completion of testing, all have either been completed or a draft report is with the appropriate Service for consultation.

<b>Audit Status</b>	<b>January 2021</b>	<b>%age</b>
Complete	18	90%
Draft Report Issued	1	5%
Work in Progress	1	5%
<b>Total</b>	<b>20</b>	<b>100%</b>

- 4.3 Progress with the 2020/21 planned work is also behind that achieved at the same point in 2019/20. The following table compares the position at the end of November in each of the last three years.

<b>Audit Status</b>	<b>January 2021</b>	<b>%age</b>
Complete	8	18%
Draft Report Issued	3	6%
Work in Progress	14	30%
Cancelled / Moved / (including proposed)	19	40%
To be Commenced	3	6%
<b>Total</b>	<b>47</b>	<b>100%</b>

- 4.4 Internal Audit's resources have been constrained due to the direct and indirect impacts of Covid 19 on team absence statistics, a vacant Assistant Auditor post, and a vacancy arising following the departure of the former Chief Internal Auditor. Resource has also been diverted to investigate fraud allegations. A temporary vacant Senior Auditor position was filled through an internal secondment from Finance, however due to resource issues within Finance, this has now come to an end. Efforts will be made to recruit to this post following conclusion of the recruitment process for the permanent Chief Internal Auditor post which it is intended to conclude in March 2021.
- 4.5 Appendix C to this report details the audits contained in the 2020/21 plan which it is proposed are deferred to 2021/22, or removed from the plan at this time. Where appropriate, these have been included in the draft plan for 2021/22 which is also on the Audit Committee's agenda.
- 4.6 Internal Audit continues to spend significant time following up the implementation of agreed recommendations. The process changed in 2018 to try and ensure that responses are received which will enable Committee reports to be completed on time. It was hoped that this would, over time, result in more timeous updates being received. However, some Services continue to require additional support and advice from Internal Audit to implement agreed recommendations which does have an impact on resources.
- 4.7 In November 2020 the Chair of the Audit Committee wrote to Directors to reiterate the requirement for timeous updates, and to request attendance by relevant Officers to provide assurance to the Committee directly where required.
- 4.8 Proposals for amendments to Internal Audit's reporting on progress with implementation of agreed recommendations have been included on the Audit Committee's agenda. It is anticipated that these changes, if agreed,

will assist Officers in identifying and prioritising the key risk areas over which the Committee will require assurance.

- 4.9 Supporting mechanisms are being developed with a view to providing more direct access to Internal Audit recommendation progress data to Services. It is anticipated that these will be implemented during 2021/22.

## 5. Council Priorities, Implications, and Risk

- 5.1 The work of Internal Audit covers all of the Council's Priorities. It aims to provide assurance over the adequacy and effectiveness of the Council's framework of governance, risk management and control, which underpin the delivery of all priorities.

- 5.2 The table below shows whether risks and implications apply if the recommendation is agreed.

Subject	Yes	No	N/A
Financial		x	
Staffing		x	
Equalities		x	
Fairer Scotland Duty		x	
Town Centre First		x	
Sustainability		x	
Children and Young People's Rights and Wellbeing		x	

- 5.3 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.

- 5.4 There are no staffing or financial implications arising directly from this report other than those implicit in the improvement of internal controls recommended in the Internal Audit reports.

- 5.5 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.

## 6. Scheme of Governance

- 6.1 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.

- 6.2 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.

**CHIEF INTERNAL AUDITOR**

Report prepared by Colin Harvey, Chief Internal Auditor (Interim).  
8 March 2021.

**List of Appendices –**

- Appendix A – 2019/20 Audit Work carried forward into 2020/21
- Appendix B – 2020/21 Audit Work
- Appendix C – Proposals to defer or remove audits from the 2020/21 plan.

**APPENDIX A**

**2019/20 Audit Work carried forward into 2020/21:**

<b>Service</b>	<b>Audit Topic</b>	<b>Position</b>
Corporate / Cross Service	Learning and Development	Complete
	Consultants	Complete
	Compliance with Procurement related Legislation and Council Regulations	Complete
	Timesheets / Allowances	Complete
	Accident and Incident Reporting	Complete
Business Services	Legal and Governance – Licensing Income	Complete
	Northgate Revenues and Benefits System	Complete
	Procurement of Computer Hardware and Software	Complete
	Unlicensed / Unauthorised Software	Complete
	Industrial and Commercial Premises Rental Income	Complete
	Benefits	Work in Progress
Education and Children's Services	Business Unit (Live Life Aberdeenshire)	Complete
	SEEMIS	Complete
	Following the Public Pound	Complete
	Out of Authority Placements	Draft report issued February 2021
	Fostering and Adoption Allowances	Complete
Aberdeenshire Health and Social Care Partnership	Commissioned Services – Contract Monitoring	Complete
Infrastructure Services	Housing Rent System	Complete
	VMS	Complete
	Sign Shop	Complete

APPENDIX B - 2020/21 Audit Work:

Service	Audit Topic	Position
Corporate / Cross Service	General Data Protection Regulation	Deferred to 2021/22
	Early retirement and voluntary severance payments and redundancy	Draft report issued January 2021
	Travel Costs	Agreed for removal from plan
	Compliance with Procurement related Legislation and Council Regulations	Work in Progress
	Timesheets / Allowances	Work in Progress
Business Services	Printing Contract	Deferred to 2021/22
	CRM System	<b>Proposed for deferral – included in 2021/22 plan – see Appendix C</b>
	Non-Current Asset Register	Draft report issued October 2020
	Budget Setting Process	Work in Progress
	i-Procurement System	Deferred to 2021/22
	Balance Sheet Code Monitoring	<b>Proposed for removal from plan. Considered as part of 2021/22 plan development process – see Appendix C</b>
	Bank Reconciliations	Complete
	Council Tax	Complete
	Debtors Invoices	To be commenced
	Payroll Processes	Work in Progress
	Payroll Recovery of Overpayments	Work in Progress
	IR35	Deferred to 2021/22
	ICT Contract Management	Work in Progress
	Registrars	Deferred to 2021/22
	Energy Management	Complete
	City Region Deal	Complete
Ledger System and Budget Monitoring	To be commenced	

**APPENDIX B - 2020/21 Audit Work (continued):**

Service	Audit Topic	Position
Education and Children's Services	Community Centres	Agreed for removal from plan
	Libraries	Agreed for removal from plan
	Primary School Visits	Deferred to 2021/22
	Purchasing and Creditors	<b>Proposed for removal from plan. Considered as part of 2021/22 plan development process – see Appendix C</b>
	Health and Safety - SSERC	Work in Progress
	Museums	Agreed for removal from plan
	1140 Hours Nursery Provision	Deferred to 2021/22
Aberdeenshire Health and Social Care Partnership	Financial Assessments	Work in Progress
	Adult Support & Protection	Work in Progress
	Mental Health and Substance Abuse	Work in Progress
	Learning Disabilities	Work in Progress

**APPENDIX B - 2020/21 Audit Work (continued):**

Service	Audit Topic	Position
Infrastructure Services	Year-end stock takes – Building Maintenance	Draft report issued January 2021
	Year-end stock takes – Roads & Landscape Services	Complete
	European Agricultural Fund for Rural Development Grant Claim	Complete
	Sheltered Housing	Deferred to 2021/22
	Housing Capital Contracts	<b>Proposed for deferral – included in 2021/22 plan – see Appendix C</b>
	Housing Rent Collection	To be commenced
	Support for Small Businesses	<b>Proposed for deferral – included in 2021/22 plan – see Appendix C</b>
	Burial Grounds	Deferred to 2021/22
	Void Control	Draft report issued February 2021
	Vehicle Records	Complete
	Vehicle Replacement	Work in Progress
	Stonehaven Flood Prevention Scheme	Complete
	Waste Collection and Disposal	<b>Proposed for deferral – included in 2021/22 plan – see Appendix C</b>
	Housing Purchasing and Creditors	Work in Progress



**APPENDIX C - 2020/21 Adjustments to the Internal Audit Plan:**

Service	Audit Topic	Commentary	Proposal
<b>Business Services</b>	CRM System	The Service has been under pressure due to its role in supporting the Council's Covid 19 response. The audit was initially delayed within 2020/21 at the request of the Service. There remain resource issues, but it is considered that as a key corporate system this should still be reviewed, albeit within the next financial year.	Proposed for deferral – included in 2021/22 plan
	Balance Sheet Code Monitoring	Following consultation with the Service and External Audit it has been determined that this is unlikely to be a key risk area at this time.	Proposed for removal from plan. Considered as part of 2021/22 plan development process
<b>Education &amp; Children's Services</b>	Purchasing and Creditors	Following a cross-service audit of procurement compliance, the Service is in the process of implementing significant changes to their procurement planning and practice. It is considered appropriate to give time for the Service to roll out and embed these practices before carrying out another review in future years.	Proposed for removal from plan. Considered as part of 2021/22 plan development process

**APPENDIX C - 2020/21 Adjustments to the Internal Audit Plan (continued):**

Service	Audit Topic	Commentary	Proposal
<b>Infrastructure Services</b>	Housing Capital Contracts	The Service has been under pressure due to adjustments required in response to Covid 19.	Proposed for deferral – included in 2021/22 plan
	Support for Small Businesses	The Service has been under pressure due to its role in supporting the Council’s Covid 19 response.	Proposed for deferral – included in 2021/22 plan
	Waste Collection and Disposal	The Service has been under pressure due to adjustments required in response to Covid 19.	Proposed for deferral – included in 2021/22 plan