

**ITEM No ...4.....**

**REPORT TO: SCRUTINY COMMITTEE – 28 JUNE 2023**

**REPORT ON: INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT**

**REPORT BY: CHIEF INTERNAL AUDITOR**

**REPORT NO: 183-2023**

**1.0 PURPOSE OF REPORT**

To submit to Members of the Scrutiny Committee an update on the progress towards delivering the 2022/23 Internal Audit Plan; the audits brought forward from the 2021/22 Plan; and information about the number of open internal audit recommendations.

**2.0 RECOMMENDATIONS**

- i. Members of the Committee are asked to discuss and note the information contained within this report.

**3.0 FINANCIAL IMPLICATIONS**

None

**4.0 MAIN TEXT**

4.1 Appendix one notes the current stage of progress with implementing the 2022/23 Internal Audit Plan and the outstanding items brought forward from the 2021/22 Plan.

4.2 Appendix two shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with six actions closed since we last reported in April. In addition, almost all actions now have a revised completion date where required.

**5.0 POLICY IMPLICATIONS**

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**6.0 CONSULTATIONS**

The Council's Leadership Team have been consulted in the preparation of this report.

**7.0 BACKGROUND PAPERS**

None

Appendix 1 – 2021/22 and 2022/23 Internal Audit Plan update

Appendix 2 – Outstanding Internal Audit Agreed Actions

Cathie Wyllie, Chief Internal Auditor

DATE: 7 June 2023



## 2021/22 Internal Audit Plan – Progress Report (Audits completed after June 2022)

|                   |          |           |           |                     |   |
|-------------------|----------|-----------|-----------|---------------------|---|
| Not Yet Commenced | Planning | Fieldwork | Reviewing | Draft Report Issued | Planned Days Utilised / Scrutiny Committee Date |
|-------------------|----------|-----------|-----------|---------------------|---|

| 2021/22 INTERNAL AUDIT PLAN                                      | Proposed Coverage  | Status              | Assurance Level   |
|--|--|---------------------|-------------------|
| <b><i>Governance Reviews</i></b>                                 |  |                     |                   |
| Dundee Integration Joint Board – Viability of External Providers | To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB Internal Audit Plan.   | Draft report issued |                   |
| Tayside Contracts  | High level review of the governance arrangements in place to manage and monitor the Council’s partnership with Tayside Contracts, including current billing arrangements.                              | SC 28/06/23         | Reduced Assurance |
| Business Planning Continuity                                     | Review of service-level business continuity plans to ensure they have been updated in the context of Covid-19 and reflect, where appropriate, lessons learned locally, nationally and internationally. | SC 07/12/22         | Reduced Assurance |
| <b><i>ICT Reviews</i></b>  |  |                     |                   |
| Cyber Security   | Further review of key elements of the Council’s cyber security arrangements, in place to ensure that cyber-crime and other associated security risks are appropriately mitigated.                      |                     |                   |
| Schools IT Network   | Review of information security and access controls on devices used on the school network. The scope of this audit did not consider the technical application controls within the Schools IT Network    | SC 28/09/22         | Reduced Assurance |
| <b><i>System Reviews</i></b>                                     |  |                     |                   |
| Fire Risk Assessments  | Review of the processes, procedures and controls in place within the Council to manage and monitor delivery of fire risk assessments in line with relevant legislation.                                | SC 28/06/23         | Reduced Assurance |

| 2021/22 INTERNAL AUDIT PLAN           | Proposed Coverage   | Status      | Assurance Level   |
|---------------------------------------|---|-------------|-------------------|
| Interment Fees                        | End to end review of the Council's interment fees process, operated within Neighbourhood services and Corporate Services, including how it interfaces with Civica Financials. | SC 28/09/22 | No Assurance      |
| <b>Procurement / Contract Reviews</b> |   |             |                   |
| Government Procurement Cards          | Review of the internal controls in place to manage and monitor the use of government procurement cards, including the authorisation of card transactions.                     | SC 8/2/23   | Limited assurance |

### 2022/23 Internal Audit Plan – Progress Report

|                   |          |           |           |                     |   |
|-------------------|----------|-----------|-----------|---------------------|---|
| Not Yet Commenced | Planning | Fieldwork | Reviewing | Draft Report Issued | Planned Days Utilised / Scrutiny Committee Date |
|-------------------|----------|-----------|-----------|---------------------|---|

| 2022/23 INTERNAL AUDIT PLAN    | Proposed Coverage   | Status / Update     | Assurance Level |
|--------------------------------|---|---------------------|-----------------|
| <b>Governance Reviews</b>      |   |                     |                 |
| Dundee Integration Joint Board | To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB Internal Audit Plan.  |                     |                 |
| Tay Cities Deal                | High level review of progress with Tay Cities Deal projects and compliance with grant offer guidance.   | Draft report issued |                 |
| Staff Wellbeing*               | Review of the governance arrangements in place throughout the Council to promote and support staff wellbeing. The scope of this audit will pick up some elements of the absence management audit removed from the plan. |                     |                 |

| 2022/23 INTERNAL AUDIT PLAN  | Proposed Coverage  | Status / Update          | Assurance Level   |
|------------------------------|--|--------------------------|-------------------|
| Workforce Management *       | Review of the arrangements in place for workforce management throughout the pandemic, including the development and implementation of remobilisation plans   | Removed from plan 8/2/23 | N/A               |
| Financial Sustainability     | Review of the arrangements for the continued financial sustainability of Leisure and Culture Dundee following the COVID-19 pandemic.   | Draft reports issued     |                   |
| Monitoring of Contractors    | High level review of the monitoring of contractors and contract management in relation to construction and maintenance work. Included in 2023/24   | Removed from plan 8/2/23 | N/A<br>23/34 plan |
| Absence Management           | Review the arrangements in place within the Council to mitigate long term and future absence arising from sickness absences.   | Removed from plan 8/2/23 | N/A<br>23/24 plan |
| Planning (Scotland) Act 2019 | Review of the arrangements to implement and comply with the new duties arising from the Planning (Scotland) Act 2019 in relation to the Planning System.   | In review                |                   |
| <b>ICT Reviews</b>           |  |                          |                   |
| Microsoft Office 365         | Review of access permissions and licensing arrangements for Office 365 including linking to management of network access.  |                          |                   |
| Civica CX                    | Review of the arrangements for the implementation of Phase 1 of Civica CX incorporating Housing Rent collection and recording of Housing Benefit / Universal Credit housing costs.                       | In progress              |                   |
| User Access Controls         | High level review of the appropriateness of user access levels and associated permissions for a number of the Council's key IT systems including any arrangements put in place during working from home. |                          |                   |
| <b>Systems Reviews</b>       |  |                          |                   |
| Self-Directed Support*       | Review of the Council's approach to fulfil its statutory obligation to offer, those who are eligible, greater choice and control over the support required to meet their needs.                          | Removed from plan 8/2/23 | N/A               |

| 2022/23 INTERNAL AUDIT PLAN              | Proposed Coverage  | Status / Update          | Assurance Level   |
|--|--|--------------------------|-------------------|
| Discretionary Housing Payments           | Review of the arrangements for the assessment and award of Discretionary Housing Payments within the Council.  | SC 07/12/22              | Reduced Assurance |
| Health and Safety – Incident Reports     | Review of the Council’s arrangements for the recording and reporting of Incident Reports.  | In progress              |                   |
| Pentana                                  | Review of the Council’s Performance and Risk Management system in terms of management reporting and efficiencies.  | Removed from plan 8/2/23 | N/A               |
| Permanence*                              | High level review of the arrangements in place to support the decision-making process surrounding children being placed in permanent care and ensure compliance with relevant legislation.                               | Removed from plan 8/2/23 | N/A               |
| Adaptations for People with Disabilities | Review of the arrangements in place within Dundee Health and Social Care Partnership and Neighbourhood Services for the assessment and provision of equipment and adaptations for people with disabilities.              | Draft report issued      |                   |
| Financial Assessments                    | Review of the processes for verifying financial assessments within Dundee Health and Social Care Partnership for care services and managing associated debt arrangements.  | Removed from plan 8/2/23 | N/A               |
| General Ledger                           | Review of the arrangements in place for the use of General Ledger in developing the budget process, financial monitoring and outturn information and the identification of potential opportunities to make improvements. | Draft report issued      |                   |
| Additional Waste Bin Service             | Review of the processes for applying for and allocating additional general waste bins permits  | SC 07/12/22              | Reduced Assurance |
| <b>Procurement / Contract Reviews</b>    |  |                          |                   |
| Social Work Contracts and Payments*      | Review of contract management and commissioning arrangements, including payments, within Dundee Health and Social Care Partnership to assess their adequacy and effectiveness.   |                          |                   |
| Procurement                              | Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers   | In review                |                   |

| 2022/23 INTERNAL AUDIT PLAN  | Proposed Coverage  | Status / Update                                | Assurance Level                    |
|--|--|--|------------------------------------|
| <b>Financial Reviews</b>   |  |  |                                    |
| School Income Collections and Reconciliations  | Review of arrangements of collection, recording, banking and reconciliation of income in secondary schools.  | SC 25/4/23                                     | School Funds<br>No Assurance       |
| School Income Collections and Reconciliations  |  | SC 25/4/23                                     | Council Funds<br>Reduced assurance |
| Corporate Debt Recovery Arrangements   | Corporate wide review of the Council's debt management and debt recovery arrangements  | Removed from plan 8/2/23                       | N/A                                |
| Stocks and Inventories   | Review of year end stock-taking instructions to ensure they are comprehensive and likely to result in reliable stocktaking if followed.  | SC 25/4/23. Guidance for services was reviewed | Full Assurance                     |
| <b>Contingency and Other</b>   |  |  |                                    |
| Advice and Guidance  | Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control. This will include the ongoing provision of advice and guidance surrounding the development of new or changed systems and processes established, including any further grant payments arising from post Covid-19 activity and other support | Ongoing  |                                    |
| Follow-up Reviews  | Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented.   |  |                                    |
|  | <ul style="list-style-type: none"> <li>Internal Audit Report No. 2018/18 – Integrated Impact Assessments*</li> </ul>   | SC 25/4/23                                     | Full Assurance                     |
|  | <ul style="list-style-type: none"> <li>Internal Audit Report No. 2019/04 – Commercial Lets</li> </ul>  | SC 25/4/23                                     | Full Assurance                     |
| <ul style="list-style-type: none"> <li>Internal Audit Report No. 2020/20 – Asset Management</li> </ul> | Removed from plan 8/2/23   | N/A  |                                    |

| 2022/23 INTERNAL AUDIT PLAN         | Proposed Coverage   | Status / Update  | Assurance Level |
|-------------------------------------|---|--|-----------------|
|                                     | <ul style="list-style-type: none"> <li>Internal Audit Report No. 2020/22 – Project Management</li> </ul>  | SC 28/6/23   | Full Assurance  |
|                                     | <ul style="list-style-type: none"> <li>Internal Audit Report No. 2020/31 – Brexit</li> </ul>  | SC 28/09/22  | Full Assurance  |
| Progress Reviews                    | Completion of the annual exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.   | SC 28/09/22  | N/A             |
| External Quality Assessment Process | As part of the peer review process developed to ensure conformance with the PSIAS, prepare for and validate the External Quality Assessment of another Internal Audit Service during 2022/23. | Reported January 2023  | N/A             |
| External Quality Assessment Process | Undertake our own self-assessment of conformance with PSIAS and engage with external reviewer   | Removed from the plan 8/2/23   | N/A             |
| Self-assessment against PSIAS       | Self-assessment against PSIAS standards will be required due to delay in external assessment  |  |                 |
| Specific Investigations             | To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.   | On-going as required   |                 |
| Internal Audit Tender Exercise      | Specification of need for 2023/24 onwards and tender evaluation, including presentations if required, and award.  | Requirements identified and joint tender with Angus Council to be undertaken |                 |
| Compliance with Telematics Policy   | Review of implementation of and compliance with Telematics Policy in Construction Services. (Added to plan March 2023)  | Draft report issued  |                 |

\* Reviews carried forward that will commence during 2022/23.



Definitions of assurance level

| Level of Assurance       | Audit Review Opinion   | Follow-Up Audit Opinion   |
|--------------------------|--|---|
| <b>Full Assurance</b>    | The principal conclusion drawn from this review is that there is a sound system of control designed to achieve the system objectives and that the controls are being consistently applied. | The principal conclusion drawn from the follow-up work undertaken is that the actions taken by management have addressed the control weaknesses highlighted in the original review.   |
| <b>Reduced Assurance</b> | The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.              | The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management. |
| <b>Limited Assurance</b> | The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.  | The principal conclusion drawn from the follow-up work undertaken is that the recommendations agreed with management require to be implemented to overcome the control weakness highlighted in the original review.   |
| <b>No Assurance</b>      | The principal conclusion drawn from this review is that there are significant weaknesses in the system which must be addressed.  | As for limited assurance  |

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## Appendix 2 Outstanding Internal Audit Agreed Actions

Agreed actions from Internal Audit recommendations are recorded in Pentana and implementation is monitored by Services and the Risk and Assurance Board. Implementation of the agreed action is the responsibility of the service area and the risk exposure identified in the audit remains in place until the action has been completed. New dates should be agreed for actions that were not complete by their original due date.

The numbers of outstanding actions in Pentana for each Service, by audit year, at 31 May 2023 are summarised in the following tables.

- Table 1 - shows actions that have not yet reached their original agreed due date.
- Table 2 - shows actions that have had their due dates extended,
- Table 3 - shows actions overdue from their agreed due date, and which require a new date to be agreed.

At 31 May 2023 there were 41 open actions, compared to 45 at 11 April 2023. The reduction of 4 represents the addition of 2 new actions, and closure of 6 actions, one from 2021/22 which was assessed as critical. New dates for completion have also been agreed for 30 actions that had passed their due dates, with 9 still requiring a new date to be agreed. In April 2023 there were thirty-eight actions requiring new dates. There is still work to be done to close off older actions, but this position shows some progress in dealing positively with the open actions.

**Table 1 Actions not yet reached original agreed due date**

| Service               | Audit Year | Critical<br>No. | Significant<br>No. | Routine<br>No. | Total<br>No. |
|-----------------------|------------|-----------------|--------------------|----------------|--------------|
| Children and families | 2022/23    |                 |                    | 2              | 2            |
| <b>Totals</b>         |            | -               | -                  | <b>2</b>       | <b>2</b>     |

**Table 2 Actions with due date extended from original due date**

| Service                | Audit Year | Critical<br>No. | Significant<br>No. | Routine<br>No. | Total<br>No. |
|------------------------|------------|-----------------|--------------------|----------------|--------------|
| Children and Families  | 2021/22    | -               |                    | 2              | 2            |
| City Development       | 2018/19    | -               | 1                  | 1              | 2            |
|                        | 2019/20    | -               | 1                  | -              | 1            |
|                        | 2021/22    |                 | 2                  | 2              | 4            |
| Corporate Services     | 2016/17    | -               | -                  | 1              | 1            |
|                        | 2018/19    | -               | 3                  | -              | 3            |
|                        | 2020/21    | -               | 1                  | -              | 1            |
|                        | 2021/22    |                 | 3                  | 3              | 6            |
| Neighbourhood Services | 2014/15    | -               | 1                  | -              | 1            |
|                        | 2016/17    | -               | 1                  | -              | 1            |
|                        | 2017/18    | -               | 1                  | -              | 1            |
|                        | 2018/19    | -               | 1                  | 1              | 2            |
|                        | 2020/21    | 1               | 2                  | -              | 3            |
|                        | 2021/22    | -               | 2                  | -              | 2            |
| <b>Totals</b>          |            | <b>1</b>        | <b>19</b>          | <b>10</b>      | <b>30</b>    |

Table 3 Actions overdue from agreed due date

| Service                | Audit Year | Critical | Significant | Routine  | Total    |
|------------------------|------------|----------|-------------|----------|----------|
|                        |            | No       | No          | No       | No       |
| Children and Families  | 2020/21    | -        | 2           | 1        | 3        |
| Corporate Services     | 2018/19    | -        | 1           | -        | 1        |
|                        | 2021/22    | -        | 1           | 3        | 4        |
| Neighbourhood Services | 2021/22    | -        | 1           | -        | 1        |
| <b>Totals</b>          |            | -        | <b>5</b>    | <b>4</b> | <b>9</b> |

## Definitions of Action Priority

|                    |  |
|--------------------|--|
| <b>Critical</b>    | A key control is absent or inadequate. The existence of the weakness identified, taken independently, or with other findings, significantly impairs the overall system of control. Recommendations in this category are likely to require urgent management attention.   |
| <b>Significant</b> | An element of control is missing or only partial in nature. The existence of the weakness identified, taken with other findings, has an impact on a system's adequacy and effectiveness but does not significantly impair the overall system of internal control. Recommendations in this category are seen as important in contributing towards improvement in internal controls and whilst management action is required these issues are less likely to require immediate management attention. |
| <b>Routine</b>     | A weakness has been identified. However, the existence of this weakness when taken independently or with other findings does not impair the overall system of internal control. Recommendations require management attention in order to make improvements to the system.  |