

REPORT TO: SCRUTINY COMMITTEE – 27 SEPTEMBER 2023

REPORT ON: INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 268-2023

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee an update on the progress towards delivering the 2023/24 Internal Audit Plan; the audits from previous years' plans that were not complete at June 2023; 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 2023/24 Internal Audit Plan and the outstanding items brought forward from the 2021/22 and 2021/22 Plans. The previous years' plans are substantially progressed. For 2023/24 the focus is on planning the audits and agreeing time frames for their completion.
- 4.2 To support the delivery of the Audit Plan, work is ongoing to appoint an audit support contractor to undertake the IT audits (Report 126-2023, Tender for Provision of Internal Audit Services).
- 4.3 Under the planned arrangement it is intended the contractor will also be able to undertake other audit work if necessary. Work is also in progress to establish and recruit a career grade auditor to fill the vacant post in the team. In the meantime, Officers will look to bring in additional resources to undertake specific audits either through agency staffing or an external contractor.
- 4.4 Appendix two shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with nine actions closed since this was last reported in April. Several actions now require a revised completion date.
- 4.5 The individual report style, assurance levels and action priorities have been revised. The new assurance levels are noted in Appendix 1 and the new action priorities in Appendix 2.
- 4.6 Now that the assurance levels are being reported in colour the status column has had the colour coding removed to aid clarity within the table. The rows of completed audits are shaded with a blue background.

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 Leadership Team have been consulted in the preparation of this report.

7.0 BACKGROUND PAPERS

None

Appendix 1 – 2021/22, 2022/23 and 2023/24 Internal Audit Plan update

Appendix 2 – Outstanding Internal Audit Agreed Actions

CATHIE WYLLIE, CHIEF INTERNAL AUDITOR

DATE: 5 SEPTEMBER 2023

2021/22 Internal Audit Plan – Progress Report (Audits completed after June 2023)

2021/22 INTERNAL AUDIT PLAN	Proposed Coverage	Status	Assurance Level
Governance Reviews			
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.	This will be reported to the IJB on 27/09/23 and will come to Scrutiny Committee on 06/12/23	
ICT Reviews			
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.	In review	

2022/23 Internal Audit Plan – Progress Report (Audits completed after June 2023)

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Governance Reviews			
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.	In review	
Tay Cities Deal	High level review of progress with Tay Cities Deal projects and compliance with grant offer guidance.	SC 27/9/23	Substantial

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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.	Planning	
Financial Sustainability	Review of the arrangements for the continued financial sustainability of Leisure and Culture Dundee following the COVID-19 pandemic.	Draft reports issued	
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	
ICT Reviews			
Microsoft Office 365	Review of access permissions and licensing arrangements for Office 365 including linking to management of network access.	To be undertaken by contractor	
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.	Planning	
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.	To be undertaken by contractor	
Systems Reviews			
Health and Safety – Incident Reports	Review of the Council's arrangements for the recording and reporting of Incident Reports.	Audit work in progress	
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	
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.	SC 27/9/23	Limited

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Compliance with Telematics Policy	Review of implementation of and compliance with Telematics Policy in Construction Services. (Added to plan March 2023)	SC 27/9/23	Substantial
Procurement / Contract Reviews			
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.	Audit work in progress	
Procurement	Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers	Audit work in progress	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Governance Reviews			
Absence management	Review the arrangements in place within the Council to mitigate long term and future absence arising from sickness absences.	Planning	
Corporate Governance	Review of elements of the Annual Corporate Governance checklist with service areas to demonstrate evidence of compliance.	Planning	
Monitoring of Contractors	High level review of the monitoring of contractors and contract management in relation to construction and maintenance work.	Planning	
Service Design and Business Improvement	To review the processes for the development and implementation of the sixth phase of the Council's transformation plan, as a component of the Council Plan 2022-27,	Audit work in progress	
Workforce and Succession Planning	Assess the extent to which individual services and the Council as a whole have prepared strategic workforce plans which compare current staffing establishment with	Planning	
ICT Reviews			

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
TBC	To be agreed with input from external provider once procurement of support is complete. Likely to be 2 or 3 reviews depending on time required for subject matter.	To be undertaken by contractor	
Financial Reviews			
Corporate Debt Recovery Arrangements	Corporate wide review of the Council's debt management and debt recovery arrangements	Planning	
Financial Forecasting	High level review of the control framework in place to support the development of financial forecasting corporately and within service areas.	Not yet Commenced	
Insurance	Review of the Council's Insurance arrangements including the approach to risk, self-assurance arrangements and review of the controls in place around claim handling processes.	To be undertaken by contractor	
Procurement / Contract Reviews			
SLAs with External Bodies	Assess the extent to which the Council has adequate service level agreements in place where Council responsibilities are delivered by external bodies. To include an assessment of arrangements to ensure satisfactory service delivery and value for money.	Planning	
System Reviews			
Health and Safety Risk Assessments and Incident	Review of the arrangements in place within schools to ensure completion of health and safety risk assessments for activities including determination of roles and	Audit work in progress	
Section 75 Planning Obligations	Review of the arrangements in place for the recording, receipt and monitoring of Section 75 payments / planning obligations from developers.	Planning	
Fleet Minimum Service Levels / Provision	Review of the arrangements in place within Fleet Services to provide vehicles to other service areas including contingency arrangements in the event of planned maintenance	Audit work in progress	
Security Alarm Response Centre	To assess the arrangements for the operation of the Security Alarm Response Centre (SARC) in line with the Council's Resilience and Community Safety plans.	Planning	
Pentana	Review of the Council's Performance and Risk Management system in terms of management reporting and efficiencies.	Audit work in progress	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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.	Not yet Commenced	
Establishment Changes	Review of the processes to ensure that information relating to new starts, leavers, and changes in role are adequately communicated to stakeholders.	Planning	
Recruitment	Review of the Council's Recruitment and Selection approach, including reporting and analysis of effectiveness, and identification of actions where required.	Not yet Commenced	
Permit Applications and Billing	Review of the arrangements for handling applications and invoicing for chargeable permits, such as waste, scaffolding, and placement of skips.	Planning	
Complaints Processes in Schools	Review of the consistency and effectiveness of Complaints processes within schools, including consideration of how these processes interact with the Council's arrangements for handling Corporate Complaints.	Not yet Commenced	
Young People in Residential Care – Missing Persons Processes	Review of the arrangements for risk assessment, planning for, and prevention of young people going missing from Residential Care. To include review of processes for identifying, recording, and responding to such instances.	Not yet Commenced	
Community Justice liaison with COPFS and Courts	Review of the processes by which Community Justice Services liaise with the Crown Office Procurator Fiscal Service and the Courts Service where supervision of individuals is required, including Statutory Orders, Community Payback Orders, and supervision following release from custody.	Planning	
Other Work			
Follow Up	Review of progress with the implementation of prior internal audit actions agreed by the Council, for the purpose of providing assurance to Elected Members that identified issues are addressed on a timely basis, and that management attention is appropriately directed towards issues which expose the Council to higher degrees of risk.	On-Going Update to each SC meeting	
Technical Development	Planning and Scoping work for review and update of the Council's Internal Audit Methodology, including the introduction of Continuous Auditing and Data Analytics in	Audit work in progress	N/A

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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 payments such as fuel costs / energy mitigations, etc.	Ongoing	N/A
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, prepare for and undergo External Quality Assessment (EQA) of the Council's Internal Audit Service. This work is planned for the external input in October and November 2023	Audit work in progress	
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	N/A
Internal Audit Tender Exercise	Specification of need for 2023/24 onwards and tender evaluation, including presentations if required, and award.	Requirements identified. Joint tender with Angus Council to be undertaken	N/A

Definitions of assurance level

Definitions of Levels of Assurance

Comprehensive Assurance	The system of controls is essentially sound and supports the achievement of objectives and management of risk. Controls are consistently applied. Some improvement in relatively minor areas may be identified.
Substantial Assurance	Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk.
Limited Assurance	Some satisfactory elements of control are present, however weaknesses exist in the system of control, and / or their application, which give rise to significant risk.
No Assurance	Minimal or no satisfactory elements of control are present. Major weaknesses or gaps exist in the system of control, and / or the implementation of established controls, resulting in areas of unmanaged risk.

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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 4 September 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 4 September 2023 there were 39 open actions, compared to 41 at 31 May 2023. The reduction of two represents the addition of seven new actions, and closure of nine actions, including some from 2018/19. New dates for completion are required for the actions in Table 3. There is still work to be done to close off older actions, but this position shows progress in dealing positively with the open actions.

Table 1 Actions not yet reached original agreed due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No.	No.	No.	No.	No.
Children and families	2021/22	-	2	-	-	2
City Development	2021/22	-	1	-	1	2
Corporate Services	2021/22	-	1	-	1	2
Neighbourhood Services	2021/22	-	1	-	-	1
Totals		-	5	-	2	7

Table 2 Actions with due date extended from original due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No.	No.	No.	No.	No.
Corporate Services	2016/17	-	-	-	1	1
	2018/19	-	3	-	-	3
	2021/22		1	-	-	1
Totals		-	4	-	1	5

Table 3 Actions overdue from agreed due date

Service	Audit Year	Critical No	High No	Medium No.	Low No	Total No
Children and Families	2020/21	-	2	-	-	2
	2022/23	-	-	-	2	2
City Development	2018/19	-	1	-	1	2
	2019/20	-	1	-	-	1
	2021/22	-	2	-	1	3
Corporate Services	2020/21	-	1	-	-	1
	2021/22	-	2	-	6	8
Neighbourhood Services	2014/15	-	1	-	-	1
	2016/17	-	1	-	-	1
	2017/18	-	1	-	-	1
	2020/21	1	2	-	-	3
	2021/22	-	2	-	-	2
Totals		1	16	-	10	27

Definitions of Action Priority

Critical	Very High risk exposure to potentially major negative impact on resources, security, records, compliance or reputation from absence of or failure of a fundamental control. Immediate attention is required.
High	High risk exposure to potentially significant negative impact on resources, security, records, compliance or reputation from absence of or non-compliance with a key control. Prompt attention is required.
Medium	Moderate risk exposure to potentially medium negative impact on resources, security, records, compliance or reputation from absence or non-compliance with an important supporting control, or isolated non-compliance with a key control. Attention is required within a reasonable timescale.
Low	Low risk exposure to potentially minor negative impact on resources, security, records, compliance or reputation from absence of or non-compliance with a lower level control, or areas without risk exposure but which are inefficient, or inconsistent with best practice. Attention is required within a reasonable timescale.