

ITEM No ...6.....

REPORT TO: SCRUTINY COMMITTEE 6 DECEMBER 2023

REPORT ON: INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 356-2023

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. The report also provides an update about the revision of Global Internal Audit Standards and Public Sector Internal Audit Standards (PSIAS).

2.0 RECOMMENDATIONS

It is recommended that the Committee:

- i. note the progress with the Internal Audit Plan;
- ii. note the appointment of a contractor to support the work of Internal Audit and the audits it is intended they undertake to assist with the completion of the plan; and
- iii. agree to the removal of three items from the plan as set out in Section 4.5 of the Report.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 AUDIT PROGRESS

- 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 2022/23 Plans. The previous years' plans are substantially progressed.
- 4.2 Staffing availability has impacted on the pace of delivery of the plan. There are now two vacancies in the service and the career grade structure has been revised to allow the Council to recruit at Trainee Internal Auditor or Internal Auditor level. This, together with the planned use of the general audit support contractor are planned to address the slippage in delivery and bring the service back to full establishment. It is also proposed to remove three audits from the plan.
- 4.3 The tender for a Contractor to undertake the IT audits and provide general audit support if required closed on 30 October. Planning discussions will now begin with the Contractor regarding them undertaking the IT audits and a number of general audits from the 2023/24 plan. The items the Contractor will be asked to undertake are shaded green in the table in Appendix 1. The position on these will be updated at a future meeting but it is anticipated the work will begin in January 2024.
- 4.4 Following a review of the plan and available resources it is proposed to remove three audits from the plan (shaded red in Appendix 1):
 - Complaints processes in Schools
 - Permit applications and Billing, and
 - Establishment changes.
- 4.5 A combination of how far audits are already planned and the initial risk assessment when they were included in the plan were used to decide on what to take out. Consideration was given to where we could get most added value from an external review when allocating items to the Contractor.

4.6 Appendix 2 shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with five actions closed since this was last reported in September, including the one outstanding critical action. Several actions now require a revised completion date.

5.0 REVISED INTERNAL AUDIT STANDARDS

5.1 Revised Global Internal Audit Standards are expected to be published in January 2024. PSIAS, with which the Council must comply, is based on these standards and is expected to be updated during 2024 after the Global Standards are published.

5.2 The changes in both the Global Standards and PSIAS will become effective one year after the Global Standards are published although early adoption is also possible.

5.3 The revised Global Standards are expected to be more prescriptive than the previous standards and include documentation and procedures that the Council and the Internal Audit Service do not have in place currently. They include mandatory and strongly recommended best practice for audit services, the Chief Audit Executive (The Chief Internal Auditor) and the Audit Committee (Scrutiny Committee) covering five areas: Purpose; Ethics and Professionalism; Governing; Managing; and Performing.

5.4 A further report will be brought to the Scrutiny Committee regarding required changes in our procedures and documentation, and a plan to implement them, once the final Global Standards have been published.

6.0 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.

7.0 CONSULTATIONS

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

8.0 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: 14 NOVEMBER 2023

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

- Completed items
- Items the contractor will be asked to undertake
- Items proposed to be removed from the plan

FTF Reasonable Assurance definition equates to our “Substantial Assurance” level

2021/22 INTERNAL AUDIT PLAN	Proposed Coverage	Status	Assurance Level
<i>Governance Reviews</i>			
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.	SC 6/12/23	FTF Reasonable Assurance
<i>ICT Reviews</i>			
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.	Draft report issued	

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

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

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Health and Safety – Incident Reports	Review of the Council’s arrangements for the recording and reporting of Incident Reports.	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
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.	In Progress	
Procurement	Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers.	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	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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, including	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 that required to deliver services, including the assessment of key person risk and its mitigation through effective succession planning.	Proposed to be undertaken by the Contractor	
ICT Reviews			
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.	Proposed to be undertaken by the Contractor	
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			

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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 responsibilities.	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.	Proposed to be undertaken by the Contractor	
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.	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.	In Progress	
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.	Proposed removal 6/12/23	
Recruitment	Review of the Council's Recruitment and Selection approach, including reporting and analysis of effectiveness, and identification of actions where required.	Proposed to be undertaken by the Contractor	
Permit Applications and Billing	Review of the arrangements for handling applications and invoicing for chargeable permits, such as waste, scaffolding, and placement of skips.	Proposed removal 6/12/23	
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.	Proposed removal 6/12/23	
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	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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 future plans.	Partially complete, remainder paused awaiting appointment of Contractor and revised Internal Audit Standards	N/A
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.	In progress. Slight delay means work is now likely to	

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
		continue into December.	
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.	Tender complete. Appointment	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.

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 14 November 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 14 November 2023 there were 50 open actions, compared to 39 at 4 September 2023. This represents an addition of 16 new actions, and closure of 5 actions, including the 1 outstanding critical action. New dates for completion are required for the actions in Table 3. There is still work to be done to close off older actions, the majority which have a high level of completion, but require a little more work to fully complete. 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 No.	High No.	Medium No.	Low No.	Total No.
Children and Families	2021/22	-	2	-	-	2
City Development	2021/22	-	-	-	1	1
	2022/23	-	4	-	1	5
Corporate Services	2021/22	-	1	-	1	2
	2022/23	-	2	1	2	5
Neighbourhood Services	2021/22	-	1	-	-	1
	2022/23	-	-	-	3	3
Totals		-	10	1	7	18

Table 2 Actions with due date extended from original due date

Service	Audit Year	Critical No.	High No.	Medium No.	Low No.	Total No.
City Development	2018/19	-	1	-	1	2
Corporate Services	2016/17	-	-	-	1	1
	2018/19	-	3	-	-	3
	2021/22		2	-	3	1
Totals		-	6	-	5	11

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	2019/20	-	1	-	-	1
	2021/22	-	2	-	2	4
Corporate Services	2020/21	-	1	-	-	1
	2021/22	-	2	-	2	4
Neighbourhood Services	2014/15	-	1	-	-	1
	2016/17	-	1	-	-	1
	2017/18	-	1	-	-	1
	2020/21	-	2	-	-	2
	2021/22	-	2	-	-	2
Totals		-	15	-	6	21

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.

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