

REPORT TO: SCRUTINY COMMITTEE – 26 JUNE 2024

REPORT ON: INTERNAL AUDIT PLAN UPDATE AND PROGRESS REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 170-2024

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 in June 2023; and information about the number of open internal audit recommendations. The report also includes information about proposed self-assessment activity for the Committee.

2.0 RECOMMENDATIONS

It is recommended that the Committee:

- i. note the progress with the Internal Audit Plan;
- ii. approve changes to the plan; and
- iii. note progress with the implementation of agreed internal audit recommendations.

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 plan). All 2021/22 is complete and 2022/23 work is substantially progressed.
- 4.2 Input from new team members and Azets, the audit support contractor, have helped in progressing work and finalising a number of audits for June reporting. Although all the work planned for reporting to the June committee is not finalised, in addition to those reported three areas have a draft report issued, one is in review, and three are in progress.
- 4.3 Appendix 1 notes one proposed change to the plan to remove the audit on Monitoring of Contractors. The review was carried forward from the previous internal audit plan. The scope focuses specifically on Construction Services and duplicates elements of the review of Procurement which has been carried out in the interim, particularly relating to the approach to contract management. The review of Procurement noted that a more strategic approach to contract management is in the course of being implemented, and as such it is unlikely that a review focussing specifically on contract management in the context of Construction subcontractors will add any further value. The remaining elements of the scope are better targeted by the review "Housing – Planned and Reactive Maintenance" which has been included in the 2024/25 Internal Audit Plan. It is therefore proposed that the review Monitoring of Contractors be removed from the plan.
- 4.4 Appendix 2 shows the open internal audit recommendations by service, audit year and risk priority. Progress has continued to implement actions, with seven actions closed since this was last reported in April 2024. The majority of actions still require a revised completion date.

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: 11 JUNE 2024

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

Completed items

The IJB Auditor is the Head of Audit of FTF. FTF’s “Reasonable Assurance” definition equates to our “Substantial Assurance” level

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.	SC 6/12/23	FTF Reasonable Assurance
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.	City Governance	Substantial

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.	SC 7/2/24	FTF Reasonable Assurance
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/Absence Management	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.	Draft report issued (Contractor)	N/A
Financial Sustainability	Review of the arrangements for the continued financial sustainability of Leisure and Culture Dundee following the COVID-19 pandemic.	SC 26/6/24	Limited
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.	SC 24/4/24	Comprehensive
ICT Reviews			
Microsoft Office 365	Review of access permissions and licensing arrangements for Office 365 including linking to management of network access.	Draft report issued (Contractor)	N/A
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.	Planned	N/A

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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.	Draft report issued (Contractor)	N/A
Systems Reviews			
Health and Safety – Incident Reports	Review of the Council's arrangements for the recording and reporting of Incident Reports.	Draft report issued	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.	SC 26/6/24	Limited
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			

2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
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	N/A
Procurement	Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers.	SC 26/6/24	Substantial

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.	Joint with Staff Wellbeing above Draft report issued	N/A
Corporate Governance	Review of elements of the Annual Corporate Governance checklist with service areas to demonstrate evidence of compliance.	In Progress	N/A
Monitoring of Contractors	High level review of the monitoring of Contractors and contract management in relation to construction and maintenance work.	Proposed to remove from plan June 2024	N/A
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 consideration of lessons identified from previous phases of the programme.	SC 26/6/24	Substantial
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.	Removed from plan April 2024. Note 1	Audit Scotland Thematic BV work will provide alternative assurance
ICT Reviews			

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
	2022/23 audits being carried out March/April 2024, with 2024/25 plan also agreed, therefore no 2023/24 items identified	Removed from plan April 2024 – see Note 3	
Financial Reviews			
Corporate Debt Recovery Arrangements	Corporate wide review of the Council's debt management and debt recovery arrangements.	In Progress	N/A
Financial Forecasting	High level review of the control framework in place to support the development of financial forecasting corporately and within service areas.	Review stage (Contractor)	N/A
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 but carried forward to 2024/25 Note 2	N/A
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	N/A
System Reviews			
Health and Safety Risk Assessments and Incident Management in Schools	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	N/A

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Section 75 Planning Obligations	Review of the arrangements in place for the recording, receipt, and monitoring of Section 75 payments/planning obligations from Developers.	In Progress (Contractor)	N/A
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. and breakdown.	SC 24/4/24	Substantial
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.	In Progress	N/A
Pentana	Review of the Council's Performance and Risk Management system in terms of management reporting and efficiencies.	In Progress	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.	Planned	N/A
Establishment Changes	Review of the processes to ensure that information relating to new starts, leavers, and changes in role are adequately communicated to stakeholders.	Removed from plan 6/12/23	N/A
Recruitment	Review of the Council's Recruitment and Selection approach, including reporting and analysis of effectiveness, and identification of actions where required.	In Progress (Contractor)	N/A

2023/24 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update	Assurance Level
Permit Applications and Billing	Review of the arrangements for handling applications and invoicing for chargeable permits, such as waste, scaffolding, and placement of skips.	Removed from plan 6/12/23	N/A
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.	Removed from plan 6/12/23	N/A
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.	Planning	N/A
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.	SC 26/6/24	Substantial
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, with some areas in progress or awaiting revised Internal Audit Standards	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. Self-assessment provided November 2023.	Review in progress. Stalled by reviewer. Self-assessment included in Annual Report 172-2024	N/A
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 made	N/A

Note 1. Workforce and Succession Planning was removed from the plan due to overlap with the audit remit for work planned by Audit Scotland as part of the Best Value thematic audit programme. Their report will form part of their 2023/24 audit reporting. The Staff Wellbeing and Absence Management audit will now be carried out by the contractor in its place.

Note 2 It is proposed to carry the Insurance review forward to 2024/25 to allow completion of other Internal Audit work to be prioritised by the Senior Manager Internal Audit.

Note 3 The 2021/22 IT audits were completed recently, 2022/23 audits are being undertaken now and IT audits are included in the 2024/25 audit plan. Given that the key IT risks are being covered by this work it is not proposed to identify any further IT audits for 2023/24.

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, on 29 May 2024 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 29 May 2024 there were 44 open actions, compared to 45 at 31 March 2024. None are critical. This represents the closure of 9 actions and addition of 8 actions. New dates for completion of overdue actions are required for the actions in Table 3. There is still work to be done to close off older actions, the majority of which have a high level of completion but still require a little more work to complete fully.

Table 1 Actions not yet reached original agreed due date

Service	Audit Year	Critical	High	Medium	Low	Total
		No.	No.	No.	No.	No.
City Development	2023/24	-	-	3	-	3
Corporate Services	2022/23	-	1	1	2	4
Totals		-	1	4	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.
City Development	2022/23	-	2	-	-	2
Corporate Services	2021/22	-	1	-	2	3
	2022/23	-	-	3	2	5
Neighbourhood Services	2022/23	-	-	-	2	2
Totals		-	3	3	6	12

Table 3 Actions overdue from agreed due date

Service	Audit Year	Critical No	High No	Medium No.	Low No	Total No
Children and Families	2021/22	-	2	-	-	2
	2022/23	-	-	-	2	2
City Development	2018/19	-	1	-	1	2
	2019/20	-	1	-	-	1
	2021/22	-	-	-	1	1
Corporate Services	2020/21	-	1	-	-	1
	2021/22	-	1	-	4	5
	2022/23	-	1	1	-	2
Corporate	2021/22	-	1	-	1	2
Neighbourhood Services	2016/17	-	1	-	-	1
	2017/18	-	1	-	-	1
	2020/21	-	2	-	-	2
	2021/22	-	3	-	-	3
Totals		-	15	1	9	25

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.