

ITEM No ...5.....

REPORT TO: SCRUTINY COMMITTEE – 7 DECEMBER 2022

REPORT ON: INTERNAL AUDIT PLAN PROGRESS REPORT

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 326-2022

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a further update on the progress towards delivering 2022/23 Internal Audit Plan and the completion of the outstanding audits from the 2021/22 Internal Audit Plan.

2.0 RECOMMENDATIONS

- i. Members of the Committee are asked to note the information contained within this report, and
- ii. Identify any projects that are “not commenced yet” or in “planning” that they would definitely like to see retained in the plan following the review discussed at paragraph 4.5

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

- 4.1 Standard 2060 of the Public Sector Internal Audit Standards (PSIAS) entitled Reporting to Senior Management and the Board states that “the chief audit executive must report periodically to senior management and the board on...performance relative to its plan” and that “reporting and communication to senior management and the board must include information about the audit plan and progress against the plan”. In addition, Standard 1110 of the PSIAS entitled Organisational Independence supports this requirement, stating that “examples of functional reporting to the Board involve the Board receiving communications from the chief audit executive on the Internal Audit Activity’s performance relative to its plan”.
- 4.2 At a senior management level, this requirement is discharged by the Chief Internal Auditor through established direct reporting channels to the Chief Executive, Executive Director of Corporate Services and the Head of Corporate Finance (to whom the Chief Internal Auditor reports administratively). This is the first report submitted to the Scrutiny Committee for the 2022/23 Internal Audit Plan providing a progress update against individual audit assignments and a summary of the remaining audits from 2021/22.
- 4.3 The remaining audits from the 2021/22 Internal Audit Plan are continuing to be progressed. Of the remaining 6 audits, 1 has been finalised, 4 are at draft report stage and work is ongoing to agree factual accuracy and the recommendations within the audit reports. The remaining one (Cyber Security) will now be delivered in 2022/23 with a revised scope and coverage which will be determined in consultation with the Head of Customer Services and IT. A summary of these audits is provided at Appendix 1.
- 4.4 The 2022/23 Internal Audit Plan continues to be actively delivered, with 16 of the 25 individual assignments and 4 of the 5 formal follow-ups having being planned or started. A summary of each audit and the different stage each is at within the internal audit process is provided at Appendix 1. Discussions are continuing with management in relation to the audit areas that haven’t yet commenced to determine when these can best be carried out.

- 4.5 Given the number of projects that have not yet commenced, or are only at the planning stage, it is unlikely that all of the planned work can now be finalised before May 2023, in time for inclusion in the 2022/23 annual assurance reporting in June. A review of the plan will be undertaken to assess the time needed for each project and propose removal of some projects if required. This will be done on a risk assessed basis and to ensure that sufficient information is available to allow the annual assurance report to be provided without limitation of scope. Any items removed will be reconsidered for inclusion in the plan for 2023/24. Members are asked to consider if there are any projects that have not commenced yet, or are at the planning stage, that they would definitely like to retain in the plan for 2022/23. A report on the conclusions from the review will be brought to the next Scrutiny meeting.
- 4.6 The annual progress review exercise from the 2022/23 Internal Audit Plan which was reported to the September 2022 Scrutiny Committee is also complete. Work is continuing through the Risk and Assurance Board and directly with services to ensure that the outstanding audit recommendations are fully completed.

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 Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Cathie Wyllie, Chief Internal Auditor /
David Vernon, Acting Senior Manager – Internal Audit

DATE: 10 November 2022

2021/22 Internal Audit Plan – Audits still to be completed

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Planned Days Utilised / Scrutiny Committee Date
2021/22 INTERNAL AUDIT PLAN	Proposed Coverage			Status	
<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.			Draft report issued and discussions ongoing to agree report and recommendations	
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.			Draft report issued – meeting to discuss report and findings to be arranged	
Business Continuity Planning	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	
<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.			Initial proposed coverage not taken forward, but a revised, tailored piece of work will be completed as part of the 2022/23 audit plan.	
<i>System Reviews</i>					
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.			Draft report issued and discussions ongoing to agree report and recommendations	
<i>Procurement / Contract Reviews</i>					
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.			Draft report issued and discussions ongoing to agree report and recommendations	

2022/23 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Planned Days Utilised / Scrutiny Committee Date
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2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update
<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.	Planning meeting 07/11/22 with FTF
Tay Cities Deal	High level review of progress with Tay Cities Deal projects and compliance with grant offer guidance.	
Staff Wellbeing*	Review of the governance arrangements in place throughout the Council to promote and support staff wellbeing.	Planning – reached out to HR for discussions
Workforce Management*	Review of the arrangements in place for workforce management throughout the pandemic, including the development and implementation of remobilisation plans.	Planning – reached out to HR for discussions
Financial Sustainability	Review of the arrangements for the continued financial sustainability of Leisure and Culture Dundee following the COVID-19 pandemic.	Planning – reached out to Leisure & Culture Dundee
Monitoring of Contractors	High level review of the monitoring of contractors and contract management in relation to construction and maintenance work.	Audit brief being drafted
Absence Management	Review the arrangements in place within the Council to mitigate long term and future absence arising from sickness absences.	Request from HR to defer until 2023/24
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.	Audit brief prepared
<i>ICT Reviews</i>		
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.	
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.	
2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update
Systems Reviews		
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.	Audit brief being prepared
Discretionary Housing Payments	Review of the arrangements for the assessment and award of Discretionary Housing Payments within the Council.	SC 07/12/22
Health and Safety – Incident Reports	Review of the Council’s arrangements for the recording and reporting of Incident Reports.	Initial discussions to be held with the service
Pentana	Review of the Council’s Performance and Risk Management system in terms of management reporting and efficiencies.	Initial discussions held. Audit Brief being drafted
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.	Audit brief drafted. Audit to be carried out January / February 2023
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.	
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.	
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.	

Additional Waste Bin Service	Review of the processes for applying for and allocating additional general waste bins permits	SC 07/12/22
2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status / Update
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.	
Procurement	Compliance with Tendering Arrangements including review of the arrangements for Contract Waivers	
Financial Reviews		
School Income Collections and Reconciliations	Review of arrangements of collection, recording, banking and reconciliation of income in secondary schools.	
Corporate Debt Recovery Arrangements	Corporate wide review of the Council's debt management and debt recovery arrangements	Initial discussions to be held.
Stocks and Inventories	Review of year end arrangements in place to ensure that procedures and processes are in line with Council guidance and stock records are complete and accurate.	
Contingency		
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 /	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"> Internal Audit Report No. 2018/18 – Integrated Impact Assessments* 	
	<ul style="list-style-type: none"> Internal Audit Report No. 2019/04 – Commercial Lets 	
	<ul style="list-style-type: none"> Internal Audit Report No. 2020/20 – Asset Management 	
	<ul style="list-style-type: none"> Internal Audit Report No. 2020/22 – Project Management 	

	<ul style="list-style-type: none"> Internal Audit Report No. 2020/31 – Brexit 	SC 28/09/22
2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status / Update
Contingency (cont'd)		
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
Prior Year Work	Finalisation of projects that are currently ongoing / nearing completion.	Ongoing – see 2021/22 update
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, prepare for and assist with the External Quality Assessment of its Internal Audit Service due in 2022/23.	EQA being carried out for West Lothian Council / detailed preparation in Dundee City Council for our own EQA to be completed,
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	
Internal Audit Tender Exercise	Completion of tender evaluation, including presentations and award.	To be determined

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