

ITEM No ...4....

REPORT TO: SCRUTINY COMMITTEE – 12 FEBRUARY 2020

REPORT ON: INTERNAL AUDIT PLAN PROGRESS REPORT

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 57-2020

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee an update on the progress towards delivering the 2018/19 and 2019/20 Internal Audit Plans.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

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 Senior Manager – Internal Audit through established direct reporting channels to the Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance (to whom the Senior Manager – Internal Audit reports administratively) and the Corporate Finance Management Team. This is the second interim report submitted to Scrutiny Committee during 2019/20 providing a progress update against individual assignments contained within the 2018/19 and 2019/20 Internal Audit Plans, which were approved by Scrutiny Committee at its meetings on 18 April 2018 (Article VI, Report No 119-2018) and 17 April 2019 (Article VI, Report No 154-2019) respectively.
- 4.3 The 2018/19 Internal Audit Plan is complete, with the exception of two projects from the prior year that were carried forward into 2018/19 and have not progressed recently as a result of higher priorities, the Council Tax assignment, which is at fieldwork stage and the Mosaic assignment, which is at draft report stage. In relation to progress towards delivering the 2019/20 Internal Audit Plan, 18 of the 28 individual assignments and 4 of the 6 formal follow-ups within it have commenced and are at various stages of the internal audit process. The annual progress review exercise from the 2019/20 Internal Audit Plan is also complete and was reported to Scrutiny Committee at its meeting on 25 September 2019 (Article VIII, Report No 316-2019). For further information in relation to progress towards delivering 2018/19 and 2019/20 Internal Audit Plans and the assignments within them, see Appendices 1 and 2 respectively.
- 4.4 During 2019/20, a number of audit days have been utilised to date to deliver assignments either not in the Internal Audit Plan or requiring more days than originally envisaged when the Internal Audit Plan was compiled. Consequently a review of the 2019/20 Internal Audit Plan is in the process of being carried out, with a view to prioritising individual assignments

within it and ultimately ensuring that the Council continues to utilise internal audit resources in the most efficient and effective way. Discussions surrounding the review, associated risks and whether or not to carry forward certain assignments into 2020/21 or remove them altogether will take place with senior management and Elected Members as part of the annual internal audit planning process for 2020/21. A report with suggested amendments will be brought back to Scrutiny Committee in April for consideration.

5.0 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

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

Pamela Redpath, Senior Manager – Internal Audit

DATE: 20 January 2020

2018/19 Internal Audit Plan (as amended at Scrutiny Committee April 2019) – Progress Report

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

| 2018/19 INTERNAL AUDIT PLAN | Proposed Coverage | Status |
|--|--|----------|
| <i>Governance Reviews</i> | | |
| Dundee Health and Social Care Partnership | To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews relating to the services operationally delegated to the IJB. | 12/02/20 |
| General Data Protection Regulations (GDPR) | High level review of the Council's approach to implementing GDPR, with a view to ensuring its statutory duties are effectively discharged. | 26/06/19 |
| Risk Management Arrangements | Review of the progress made towards improving the Council's risk management arrangements at a corporate and service level against recognised good practice. | 26/06/19 |
| Communication Strategy | Review to assess the effectiveness of the implementation of the Council's new corporate communication strategy, including how it helps manage reputational risk within the organisation. | 26/06/19 |
| Fraud Governance | To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these. | 25/09/19 |
| <i>ICT Reviews</i> | | |
| Mosaic | Review to assess the effectiveness of the deployment of the new MOSAIC system procured by the Council. | |
| <i>Systems Reviews</i> | | |
| Health and Safety Risk Assessments | Review of the risk assessment process in place within the Council to examine work activities and identify, manage and mitigate corresponding health and safety risks. | 25/09/19 |
| DWP Appointeeships | Review of the arrangements in place within the Council for the management of DWP benefits for clients who are deemed incapable of managing their own affairs. | 12/02/20 |

| 2018/19 INTERNAL AUDIT PLAN (Cont'd) | Proposed Coverage | Status |
|---|---|---------------------------------|
| Fleet Management | Review of the arrangements in place for licensing, checking and maintaining Neighbourhood Services' vehicle fleet to ensure compliance with the regulatory system for commercial vehicles. | 17/04/19 |
| Climate Change | A review of the Council's arrangements in place to meet climate change targets. | 11/12/19 |
| Energy Management | Review of the Council's strategic and operational approach to managing and monitoring energy consumption and the identification of potential opportunities to make improvements. | 25/09/19 |
| Health and Safety Contracts | Review of the Council's processes, procedures and controls in place to ensure compliance through health and safety contracts with relevant statutory requirements and best practice. | 25/09/19 |
| Integrated Impact Assessments | Review to ensure the new Integrated Impact Assessments process and associated staff guidance is being complied with throughout the Council. | 12/02/20 |
| ABC Multi-operator Smartcards | Review of the system established within the Council to discharge its new independent ABC scheme administrator responsibilities. | 25/09/19 |
| Electric Vehicles Parking | Review to assess the operational arrangements in place to support the Council's commitment of offering free parking to those with electric vehicles. | 25/09/19 |
| Procurement / Contract Reviews | | |
| e-tendering | Review within the Council and Tayside Procurement Consortium of the processes in place for e-tendering to ensure that they are robust and in line with procurement legislation. | 25/09/19 |
| Financial Reviews | | |
| Grant Claims | <p>To provide confirmation for specified grant claims that the required terms and conditions have been complied with.</p> <ul style="list-style-type: none"> - 2017/18 Grant Claim: Local Authority Air Quality Action Plan - 2017/18 Grant Claim: Local Air Quality Management | <p>26/09/18</p> <p>26/09/18</p> |
| Council Tax | Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction. | |

| 2018/19 INTERNAL AUDIT PLAN (Cont'd) | Proposed Coverage | Status |
|---|--|-----------------|
| Internal Financial Controls | Review to determine progress made by the Council towards implementing the recommendations made by PwC following the serious fraud incident. | 26/06/19 |
| Housing Capital Plan | To assess the planning, monitoring and reporting arrangements in place for the programme of capital works contained within the approved Housing Capital Budget. | 26/06/19 |
| Stocks and Inventories | Review of arrangements in place to ensure that procedures and processes are line with Council guidance and records are complete and accurate. | Advice provided |
| 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 control environment. | Complete |
| | Gas Safety | 13/02/19 |
| 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. | |
| | Internal Audit Report No. 2015/06 – Financial Systems | 26/06/19 |
| | Internal Audit Report No. 2016/10 – ICT Risk Management | 26/06/19 |
| | Internal Audit Report No. 2016/13 – Information Governance | 26/06/19 |
| | Internal Audit Report No. 2016/21 – Revenue Monitoring | 26/06/19 |
| Internal Audit Report No. 2016/28 – Dangerous Buildings and Public Safety | 25/09/19 | |
| Prior Year Work | Finalisation of two projects from the 2017/18 Internal Audit Plan that are currently ongoing. | |
| Progress Reviews | Completion of the annual exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented. | 26/09/18 |
| Specific Investigations | To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice. | Complete |

2019/20 Internal Audit Plan – Progress Report

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

| 2019/20 INTERNAL AUDIT PLAN | Proposed Coverage | Status |
|---|--|----------|
| <i>Governance Reviews</i> | | |
| Dundee Health and Social Care Partnership | To support the Dundee Integration Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews on the IJB 2019/20 Internal Audit Plan. | |
| Joint Community Equipment Service | A high level review of the working practices in place against the national Good Practice Guide for the Provision of Community Equipment Services in health and social care partnerships. | |
| Transformational Change | Review of the arrangements in place to manage the Council's transformational change agenda, C2022, including, where appropriate, the identification, demonstration and reporting of proposed savings. | 25/09/19 |
| Brexit | Review the arrangements in place to assess and report on the potential impacts of Brexit, including the development and implementation of a comprehensive contingency plan. | |
| Waterfront Project | High level review of the governance arrangements in place to manage, monitor and report on the £1 billion waterfront regeneration project. | |
| Project Management | Review of the project management arrangements in place within the Council to ensure the efficient and effective planning, initiation, delivery, monitoring and evaluation of the Council's key ICT projects. | |
| Asset Management | Review of the governance arrangements in place to manage the acquisition, utilisation and disposal of the Council's key assets. | |
| Tay Cities Deal | Review of governance arrangements in conjunction with the internal audit services at other partner bodies as appropriate. Coverage to be planned and agreed. | |
| Best Value | Review of area(s) yet to be determined following conclusion of the planned Best Value self-assessment process. | |

| 2019/20 INTERNAL AUDIT PLAN | Proposed Coverage | Status |
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| | | |
|--------------------------------------|---|--|
| (Cont'd) | | |
| ICT Reviews | | |
| Keystone Asset Management | Review to assess the effectiveness of the implementation of the new CIVICA Keystone Asset Management system procured by Neighbourhood Services. | |
| Firmstep | Review of the data security, reliability and other customer service outcomes relating to the cloud based Firmstep platform utilised by the Council to drive and support channel shift. | |
| Systems Reviews | | |
| Trade Waste | Review of the end-to-end process in respect of trade waste including steps taken to ensure income maximisation for the Council. | |
| Commercial Lets | Review of the arrangements in place surrounding the letting of commercial properties and the subsequent billing and collection of income. | |
| Respite Services | Review of the arrangements in place for assessing the respite care and support needs of children and subsequent planning, scheduling and delivery of the required service provision. | |
| Attendance Management | Risk based review of the arrangements in place within services to ensure compliance with the Council's Policy on Promoting Health and Attendance and suite of supporting guidance. | |
| Corporate Complaints | Review of the Council's complaints handling and reporting procedures against recognised good practice and assessing compliance with them across services. | |
| Prescribed Medication | Review of the arrangements in place within the Dundee Health and Social Care Partnership for administering prescribed medicines, including controlled drugs, for older people in care settings. | |
| Leadership, Training and Development | High level review of the effectiveness of the Council's approach to providing staff with development opportunities which are proportionate, appropriate and of relevance to improving service delivery. | |
| Assisted Collections | Review of the processes and procedures in place within Neighbourhood Services for the provision of assisted collections. | |
| Community Empowerment Act | Review of the Council's approach towards ensuring compliance with the Community Empowerment (Scotland) Act 2015 in relation to asset transfer and related reporting requirements. | |
| Recruitment and Selection | Review of the Council's recruitment and selection process, including policies and procedures, training of employees involved in the process and arrangements in place to mitigate recruitment fraud. | |

| 2019/20 INTERNAL AUDIT PLAN (Cont'd) | Proposed Coverage | Status |
|---|--|----------------------|
| Procurement / Contract Reviews | | |
| Procurement Reform | Review to assess the Council's progress towards reforming its procurement practices, including no purchase order no pay policy, and achieving sustainable procurement in line with national guidance. | |
| Street Lighting and Roads Maintenance | High level review of the governance arrangements in place to manage and monitor the street lighting and roads maintenance partnership, including winter maintenance, and demonstrate Best Value. | |
| Financial Reviews | | |
| Universal Credit | Review of the controls in place within the organisation to successfully manage and mitigate the impact of Universal Credit on Council tenants and services. | |
| Travel and Subsistence | Review of the internal controls in place surrounding the Council's new electronic travel and subsistence claims process prior to full roll-out. | |
| Grant Claims | To provide confirmation for specified grant claims that the required terms and conditions have been complied with. <ul style="list-style-type: none"> - 2018/19 Grant Claim: Local Authority Air Quality Action Plan - 2018/19 Grant Claim: Local Air Quality Management | 11/12/19 11/12/19 |
| Stocks and Inventories | Review of arrangements in place to ensure that procedures and processes are line with Council guidance and records are complete and accurate. | |

| 2019/20 INTERNAL AUDIT PLAN (Cont'd) | Proposed Coverage | Status |
|---|---|--------------------|
| 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. | 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. 2016/09 – Follow-up Review of Business Continuity | |
| | <ul style="list-style-type: none"> Internal Audit Report No. 2016/14 – Construction Design & Management (CDM) Regulations 2015 | |
| | <ul style="list-style-type: none"> Internal Audit Report No. 2017/13 – Festivals and Events | |
| | <ul style="list-style-type: none"> Internal Audit Report No. 2017/16 – Leisure and Culture Dundee, Health and Safety | |
| | <ul style="list-style-type: none"> Internal Audit Report No. 2017/21 – E-mail Security | |
| Progress Reviews | Completion of the annual exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented. | 25/09/19 |
| Specific Investigations | To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice. | As required |

