

REPORT TO: SCRUTINY COMMITTEE – 27 APRIL 2022

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: ACTING SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 108-2022

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

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 The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.

4.2 Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Elected Members and management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of management's response to the audit report. The full reports are available to Elected Members on request.

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

This page is intentionally left blank

i) INTERNAL AUDIT REPORT 2021/05

Client	Corporate Services
Subject	Electoral Registration

Introduction

Local Authorities are responsible for running elections in their area. Part of this process involves them creating a list of all eligible voters who have registered to vote. The Representation of the People (Scotland) Act 1983 makes the Council's appointed Electoral Registration Officer (ERO) responsible for compiling and maintaining that list, which is also known as the Electoral Register, Register of Electors or Voters Roll. EROs maintain two registers; the Electoral Register and the Open Register (previously known as the Edited Register). The Electoral Register lists the names and addresses of everyone who is registered to vote in public elections and is used for electoral purposes, such as making sure only eligible people can vote, and other limited purposes specified in law. The use of the Electoral Register is heavily restricted by Statutory Regulations. The Open Register, which is available for sale, contains the names and addresses of everyone who has registered to vote and not opted out of the Open Register.

The ERO is required to carry out an annual canvass of all households to assist in the completeness and accuracy of the Electoral Register. The Electoral Register is updated and re-published following the canvass each year, normally on or shortly before the 1st December. It is used for elections to the Scottish Parliament, UK Parliament (Westminster), local elections to appoint Councillors, national referendums and Community Councils.

The Electoral Registration and Administration Act 2013 introduced individual electoral registration (IER) in Great Britain, enabling EROs to share, and verify information to assist with the ongoing maintenance of their electoral register. Under IER, individuals are required to register themselves, as well as provide their National Insurance number and date of birth so that their identity can be verified. As a result of consultation on annual canvassing and subsequent legislation through the Representation of the People (Annual Canvass) (Amendment) Regulations 2019, changes to the annual canvassing exercise for 2020, were introduced. These have included the mandatory requirement for a national data matching exercise and discretion to undertake matching of all or part of the electoral register to locally held data sets.

The Council's Democratic and Legal Services is responsible for the production of the Electoral Register for Dundee. The Electoral Commission has a role in monitoring performance in respect of Electoral Registration and ensuring integrity and public confidence in the UK's democratic process.

Scope and Objectives

Review of the arrangements in place for maintaining the electoral register in line with the 2020 revised annual canvassing arrangements and corresponding legislation.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main area commented upon in the report is as follows:

- The Senior Electoral Services & Licensing Officer should ensure that all Eros user accounts are promptly locked when access to the system is not required. This should include leavers and also the accounts of users who only require intermittent access. The Senior Electoral Services & Licensing Officer should also consider whether the supplier and IT staff require the same level of access as the members of the Electoral Registration team, including access to the system administrator functions. Within the team, a review of the system administrator access should be undertaken with a view to restricting the number of team members who have access to this key area of the system.

i) INTERNAL AUDIT REPORT 2021/05 (cont'd)

Client	Corporate Services
Subject	Electoral Registration

Management Response to the Audit Report
The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

ii) INTERNAL AUDIT REPORT 2021/06

Client	Corporate
Subject	Legislative and Regulatory Updates

Introduction

Local authorities in Scotland deliver a diverse range of public services, such as education, housing, planning and building standards, roads and transportation, welfare, local taxation, economic development, construction, waste management, trading standards, environmental protection and social care.

The Council's duties and powers relating to those (and other) services are governed by a complex local, national and international legislative and regulatory landscape and include:

- mandatory duties - those required by law such as primary / secondary education
- permissive powers - services that councils are not obliged to provide but normally do, such as parks and recreation services
- regulatory powers - such as trading standards and licensing

To help ensure compliance with relevant legislation / regulation, the Council is obliged to compile new / review existing policies and supporting operational procedures. To facilitate sustained compliance, it is important that the Council has arrangements in place to timeously capture any new or updated pieces of legislation / regulation and communicate it appropriately to key members of staff so that working practices and procedures can be changed as and when appropriate.

The Council should also be able to demonstrate that any changes it makes to its policies and operational procedures / working practices are aligned to relevant legislative / regulatory requirements and supporting guidance.

Changes in procedures / working practices can also arise as a result of lessons learned from specific accidents / incidents with changes in legislation being made over time. Recent examples include the Grenfell Tower fire. As a result of Grenfell, the Council reviewed its cladding arrangements on a number of its high-rise buildings and schools and made arrangements for changes to be made. In addition, as a result of legislative requirements for the installation of new smoke and fire detection systems in all domestic dwellings across Scotland including Council Housing, the Council approved a tender for the required installation works.

Not acting timeously when new / changed legislation / regulations is due to come into force can result in the Council failing to operate in accordance with the law, regulation or statutory guidance, which in turn could have a number of undesirable impacts, including reputational damage, legal challenge, financial costs, ministerial or regulatory action / censure. The Council has formally recognised this risk in its Corporate Risk Register.

Scope and Objectives

Review of the arrangements in place within a sample of services to ensure that relevant new or changed legislative and regulatory requirements are identified and, where appropriate, addressed timeously.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

There are no formal arrangements for determining what information on legislation and regulatory updates should be shared and who it should be shared with. Professional judgement is used to decide who needs to know this information.

ii) INTERNAL AUDIT REPORT 2021/06 (cont'd)

Client	Corporate
Subject	Legislative and Regulatory Updates

Conclusion (cont'd)
<ul style="list-style-type: none"> • In order to reinforce accountability, transparency and confidence the Council should remind Services of their responsibilities for ensuring that current legislation / regulations are adhered to, effectively communicated and comprehensively shared throughout the Council where applicable. Formal arrangements for ensuring that policies, procedures / operational guidance is updated timeously and staff receive necessary training should be put in place. • In addition, Services should formalise their arrangements for ensuring that relevant, professional staff have access / membership to relevant government agencies, public bodies, regulators, professional bodies, professional organisations and trades associations. • To improve arrangements throughout the Council for dealing with legislative and regulatory updates, Services and teams should consider sharing details of their current arrangements in order to share and implement good practice. <p>A number of examples of good practice were identified including;</p> <ul style="list-style-type: none"> ○ Teams channels for communicating and discussing legislative and regulatory updates and their implications, ○ use of CeRDMS for current legislation links and current policies and procedures, ○ the maintenance of logs to monitor legislative and regulatory updates received and who they have been shared with, ○ documenting the implications of the new / changed legislation / regulatory updates specifically for staff, ○ submitting reports to Committee outlining the implications of the new / changed legislation / regulatory updates to Councillors and the wider Council.
Management Response to the Audit Report
The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and the Chief Executive and appropriate action agreed to address the matters raised.

iii) INTERNAL AUDIT REPORT 2021/07

Client	Corporate
Subject	Follow-up Review of Travel and Subsistence

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2019/05, Travel and Subsistence, has been undertaken.

The original internal audit report concluded that there were significant weaknesses in the system which must be addressed. The areas of concern highlighted in the report were as follows:

Policy, Procedures and Operational Guidance

There are currently multiple sources of policy, procedures and operational guidance relating to travel and subsistence. The Expenses Manual is out of date, unclear and does not make reference to MyView or other relevant Council policies / requirements, such as the Staff Travel Plan. There is duplication and inconsistency between the various information sources and as a result, the practice of submitting and authorising claims exceeding policy limits is relatively common. To reduce the risk of error and aid staff understanding of requirements and responsibilities, it is recommended that the various sources of policy, procedures and operational guidance are consolidated into a comprehensive single, up to date, Travel and Subsistence Expenses Policy. In the interim, the conflicting messages from different documents should be addressed and clarification of the required process communicated to staff along with an instruction to stop the practice of submitting and / or approving claims in excess of the stated limits.

Super Users

There are four MyView super users and one generic super user account. These users have the ability to make changes to the way the Resourcelink payroll system works as well as having the ability to alter the monetary value of individual expense claims. The accounts are used on a regular basis by post holders as part of their daily work. The super user level access should be reviewed and removed where not required for operational reasons. The activity of super user accounts should be monitored and generic accounts should not be used.

Review and Authorisation

Managers are responsible for reviewing and authorising MyView expense claims. This includes checking mileage, compliance with Policy and the submitted receipts. Managers expressed an inconsistent level of diligence as part of their review, with some authorising all claims without consideration. Sample testing and the use of data analytics identified that claims exceeding Policy limits and with missing or illegible receipts have routinely been authorised. This indicates that the review and authorisation process is not operating effectively. Responsibilities for reviewing and authorising expense claims should be clearly defined and documented, with a particular focus on clarity of segregation between managers and Payroll.

Secondary Review Process

Payroll generates a report prior to payment of all the expense claims for one month and considers the total cost of claims against the total cost of claims for the previous month for reasonableness. This is not a formal or documented review. A secondary review, beyond the manager authorisation, of a sample of claims is not conducted. To mitigate the risk of incorrect or fraudulent claims being paid and encourage a culture of robust and effective manager first review, a risk based secondary review of a sample of claims should be introduced.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2019/05 have been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

iii) INTERNAL AUDIT REPORT 2021/07 (cont'd)

Client	Corporate
Subject	Follow-up Review of Travel and Subsistence
Conclusion	
<p><i>The principal conclusion drawn from the follow-up work undertaken is that the recommendations agreed with management require to be implemented to overcome the control weaknesses highlighted in the original review.</i></p> <p>The main areas where actions agreed by management are still outstanding are as follows:</p> <ul style="list-style-type: none"> • The new Travel and Subsistence policy is expected to be implemented following trade union consultation which is scheduled for March 2022. Once the consultation is concluded, the Council will formalise the document and share it with employees. • The number of Super Users has been reduced from four to two, however there is no documented evidence that routine review of super user account activity is taking place. • Management and Payroll responsibilities when reviewing and approving expense claims have not yet been communicated with the wider Council Service areas. They are, however, integrated in the new Travel and Subsistence policy. • There is no documentation of the secondary review of expenses claims conducted by the payroll team, on a sample basis. 	
Management Response to the Audit Report	
<p>The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.</p>	

iv) INTERNAL AUDIT REPORT 2021/08

Client	Corporate
Subject	Follow-up Review of Mosaic

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2018/30, Mosaic, was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report were as follows:

User Access Controls / Review of Access / Delegate Feature

- There is limited management and monitoring of user access, with no formal, documented procedure in place for requesting, approving, amending or removing access to Mosaic. To reduce the risk of unauthorised or inappropriate access being granted, access approval procedures should be established, documented and implemented.
- The reporting functionality within Mosaic should be implemented and used, with a periodic review of reports of user access and activity performed, with changes made where access is considered to be inappropriate / unnecessary.
- Mosaic has the ability to assign delegates for users. To reduce the risk of inappropriate system access being granted, controls should be put in place to ensure that the assigned delegate systems permissions are appropriate and have been authorised as such. A formal delegate process should be documented, and a review completed to confirm whether existing delegate access is appropriate.

Super User Accounts

- There are several users within Mosaic, referred to as Super Users, with full access capabilities over the entire system. There were ten Super Users during the implementation of the system which have now reduced to four. To reduce the risks associated with Super User access, including those in respect of access to payment processes, a regular review of Super User activity should be performed by an individual independent of the Mosaic Team.

System Change Control

- System changes are made to Mosaic by Servelec, the system supplier, with the approval of the Council, to improve functionality or respond to legislative requirements. There are no formal documented procedures in place for change requests and it is currently not clear what Mosaic oversight group has responsibility for approving the different types of changes. It is recommended that this process is documented and included as appropriate in the Terms of Reference / areas of responsibility of the two Mosaic oversight groups (the Mosaic Operational Group and the Mosaic Project Board).

Assessment of Benefits

- As implementation of Mosaic has been ongoing, there has been no assessment of the benefits delivered against the expectations in the business case, as is appropriate during an implementation phase. The system has been in use since 2016/17 and it is recommended that a benefits analysis exercise is now carried out to consider whether there are opportunities for further improvements to the system.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2018/30 have been implemented within the given timescales. The follow-up review will be restricted to areas included in the original report.

iv) INTERNAL AUDIT REPORT 2021/08 (cont'd)

Client	Corporate
Subject	Follow-up Review of Mosaic

<p>Conclusion</p> <p><i>The principal conclusion drawn from the follow-up work undertaken is that the recommendations agreed with management require to be implemented to overcome the control weakness highlighted in the original review.</i></p> <p>The COVID-19 pandemic has resulted in significant operational pressures on the Service areas impacted by the original internal audit report which has limited the progress made in implementing recommendations. However, two “Significant” rated, and one “Routine” rated recommendations have been implemented. While progress has been made against all remaining recommendations, further work is required to fully mitigate the remaining risks identified within the original report.</p> <p>The main areas where actions agreed by management are still outstanding are as follows:</p> <ul style="list-style-type: none"> • The process for review and approval of user access has now been formalised. A Roles Matrix spreadsheet was initially used to assess access requests, but this has now been replaced with an in-built report within Mosaic. The process has not yet been fully completed to document the level of access which is appropriate for each of the roles within the relevant Service areas. • The number of super user accounts has been reduced from the ten in place at the time of the original review to just four at the time of the audit fieldwork. While we understand that super user access activity is subject to periodic monitoring by the Chief Social Work Officer, there is no documented evidence that the review is taking place. • The responsibility for incorporating changes to legislation has now been explicitly documented within the call off agreement. While the system change process has been documented and assigns responsibility for further Mosaic enhancements to the Steering Group and Mosaic Project Board, the terms of reference for the groups are still undergoing revision. • The formal benefits realisation assessment of the Mosaic system has not yet been completed due to the operational demands of the COVID-19 response. The process has commenced however and the benefits of the Finance modules have been assessed and documented.
<p>Management Response to the Audit Report</p> <p>The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and the Chief Officer, Dundee Health and Social Care Partnership and appropriate action agreed to address the matters raised.</p>

v) INTERNAL AUDIT REPORT 2021/09

Client	City Development
Subject	Follow-up Review of Climate Change

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2018/07, Climate Change was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report were as follows:

- It is acknowledged that a new governance structure is about to evolve with the establishment of the Partnership. It is recommended that, in order to ensure the responsibility for strategic direction of climate change in the Council is formalised along with responsibilities for scrutinising climate change activities / work at Council-level, the terms of references / remits of the Partnership, CMT and the Group should be developed / reviewed with this in mind.
- It is acknowledged that priority is being given to the development of the Climate Action Plan during 2019/20, however, in order to ensure that there is a clear approach to Climate Change for the Council, the Carbon Management Plan should be reviewed and updated as a matter of priority to incorporate the other areas of Council responsibility within the Carbon Management Boundary such as waste management and sustainable transport.
- To assist with ensuring the successful and timeous delivery of the Climate Action Plan, including implementation of the actions within it, the Council should proactively consider, in conjunction with key partners, how best to ensure that appropriate and adequate resources will be available as and when required.
- In order that the Sustainability and Climate Change Team can carry out reasonableness checks and be confident as to the accuracy of the figures provided in respect of the Public Bodies Climate Change Duties Report, information to support the figures should also be provided along with details of the methodology utilised to gather the information and from what sources. In addition, explanations should be provided as a matter of course where the figures contained within the report differ significantly from the previous year.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2018/07 have been implemented within the given timescales. The follow-up review is restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- The Carbon Management Plan (now known as the Council Net-Zero Transition Plan) has yet to be fully reviewed, however, it is the intention of the Sustainability and Climate Change Manager to take the completed plan to the Council Management Team in November 2022.
- The Sustainability and Climate Change Team continue to undertake basic checks on the data provided to them, including querying obvious anomalies and deviations in trends. However, the situation remains that they are not provided with information to support the figures, details of the methodology utilised to gather the information or details of the sources used to obtain the information.

v) INTERNAL AUDIT REPORT 2021/09 (cont'd)

Client	City Development
Subject	Follow-up Review of Climate Change

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

vi) INTERNAL AUDIT REPORT 2021/11

Client	Neighbourhood Services / City Development
Subject	Low Emission Zones

Introduction

The Transport (Scotland) Act 2019 (“the 2019 Act”) provides the legislation to enable the creation and civil enforcement of Low Emission Zones (“LEZ”), the first four of which will be introduced in Aberdeen, Edinburgh, Glasgow and Dundee in line with the Scottish Government Programme for Government Commitment. Chapter two of the 2019 Act outlines the requirements for the “Creation and modification of a low emission zone scheme” and is supported by the LEZ (Scotland) Regulations 2021, the LEZ (Emission Standards, Exemptions and Enforcement (Scotland) Regulations 2021 and the National Low Emissions Framework. Requirements include obtaining ministerial approval, conducting public consultation prior to seeking ministerial approval and then throughout the design of the LEZ.

The Council established the Dundee Low Emission Zone Delivery Group (“DLEZDG”), chaired by the Head of Community Safety and Protection and the Head of Roads and Transportation, in September 2018 to lead on developing the Dundee LEZ. The DLEZDG has links with Transport Scotland and other key stakeholders from across Scotland including the LEZ Consistency Group and Scottish Environment Protection Agency which enables relevant contributions from stakeholders to be received, considered and actioned throughout planning. Since 2019 the DLEZDG has reported to the Community Safety and Public Protection Committee to outline progress and key stages of the development process to date.

In September 2019, the Community Safety and Public Protection Committee (“CSPPC”) agreed to public consultation on five proposed LEZ design options. This was conducted in October and November 2019 via an online public survey. Concurrent to the public survey, the Council also ran workshops with key stakeholders including representatives from the bus, taxi and freight industry, the business community, community councils, environmental interest groups and the Tayside and Central Regional Transport Partnership (TACTRAN). Following this and in response to the COVID-19 pandemic, the DLEZDG conducted further consultation in March and April 2021 by issuing questionnaires to bus companies and the business community to assess if the impact of the pandemic had changed opinion on the introduction of a LEZ.

In June 2021 the CSPPC agreed to undertake statutory consultation on a preferred LEZ scheme for Dundee. This consultation ran for 8-weeks commencing 14 June 2021. Following the statutory consultation, the CSPPC agreed to the preferred LEZ scheme in October 2021 and agreed to proceed with the publishing of a Notice and the objection phase.

A report on any objections received will be published and included with the application for approval for the LEZ scheme that will be submitted to the Scottish Ministers. After approval by the Scottish Ministers the Council will introduce the Dundee LEZ scheme. The proposed date for introduction should it be approved is 30 May 2022. Two year grace periods will commence on this date with enforcement not starting until 30 May 2024.

Scope and Objectives

Review of the forthcoming Low Emission Zone proposals to ensure they are in line with legislation, evidence based and that City Centre development plans are aligned to the proposal.

Conclusion

The principal conclusion drawn from this review is that a sound systematic approach was taken in preparing the Low Emission Zone proposal to achieve the objectives in line with the relevant legislation.

The work carried out as part of the internal audit demonstrates that the development of the LEZ Scheme complied with the relevant statutory and regulatory requirements.

vi) INTERNAL AUDIT REPORT 2021/11 (cont'd)

Client	Neighbourhood Services / City Development
Subject	Low Emission Zones

Conclusion (cont'd)

Internal Audit obtained sufficient and appropriate evidence to ensure that specific requirements within relevant legislation was satisfied, which was aided by the auditable trail of LEZ planning evidence, including DLEZDG meeting minutes, reports to the CSPPC and subsequent minutes, third party partner (SEPA and SYSTRA Ltd) reports and online publications.

The Council also delivered beyond the requirements mandated in the legislation, particularly in relation to updating the public on the progress of the LEZ Scheme's development.

Internal Audit also found that the Council took a robust, evidence-based approach to the development of the LEZ scheme, as documented in the proposal that was submitted to the Scottish Government on 22 February 2022.

The governance groups involved with LEZ planning were DLEZDG and the CSPPC. DLEZDG had oversight of the delivery of the LEZ, receiving regular reports and updates throughout the process.

DLEZDG meeting minutes demonstrated that the Council regularly discussed the progress of the LEZ Scheme, inviting representatives from SYSTRA Ltd and SEPA to share input where appropriate, indicating the importance placed on evidence and consultation with specialists. Additionally, DLEZDG minutes showed that the group was updated on discussions occurring within the national LEZ leadership group, and representatives met with City Development executives to provide updates and reports, thus ensuring alignment of City Development plans with LEZ proposals.