
Report To Resources And Audit Committee

Date Of Meeting: 26 February 2015

**Subject: Clackmannanshire Council Internal Audit and Fraud Annual
Plan 2015/16**

Report By: Internal Audit and Fraud Team Leader

1.0 Purpose

- 1.1. This report presents the Clackmannanshire Council Internal Audit and Fraud Annual Plan 2015/16 to Resources and Audit Committee.

2.0 Recommendations

- 2.1. It is recommended that Committee agree the Annual Internal Audit and Fraud Plan 2015/16 as set out at Appendix A, and recommends to full Council that the Plan be formally approved.

3.0 Consideration

- 3.1 The Annual Internal Audit and Fraud Plan 2015/16 identifies the assurance and fraud work that will be completed during the financial year. This work will form the basis of assurance on the Council's control environment and inform the Council's Annual Governance Statement (AGS) for 2015/16.
- 3.2 A risk based approach has been used in preparing the plan which takes account of the significant corporate and service risks currently facing the Council. The main priorities, aims and objectives of the Council and its key partners, as set out in the Single Outcome Agreement (SOA) and the Corporate and Service plans, have been subject to risk assessment work by the Internal Audit and Fraud Team. To confirm areas assessed as being of greater risk, meetings were held with senior managers across the Council and the Convenor of the Resources and Audit Committee. The External Auditors were also consulted on the findings from their review of the control environment to date.
- 3.3 Public Sector Internal Audit Standards Performance Standard 2010 states that 'The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion on the assurance framework.'
- 3.4 The attached plan has been prepared in line with these requirements.
- 3.5 In light of the challenging financial position the plan identifies a number of reviews that will be undertaken with Value for Money (VFM) as a key consideration. A VFM challenge will also be considered as part of all reviews we carry out through the year. We have identified time in the plan to cover Social Services and Education audits and more detailed planning is being undertaken with Stirling Council Internal Audit team

and the services concerned. We will also undertake work around implementation of Health and Social Care Integration.

- 3.6 In response to the change agenda across the Council the Internal Audit and Fraud Team need to be prepared to carry out more ad hoc work as issues and risks come on to the horizon. We have allowed an amount of contingency time to allow for this and the team is well placed to respond to organisational requirements.
- 3.7 The total number of weeks in the plan has slightly reduced from last year (by 6 weeks) as one member of the team has moved to working part time. However efficiencies created by moving to a more risk based focus means that the total number of audits that will be undertaken will increase on last year from 17 to 19.
- 3.8 Responsibility for investigating Housing Benefit fraud will transfer via the Single Fraud Investigation Service (SFIS) project to the DWP Fraud and Error Service (FES) in November of this year. The Internal Audit and Fraud Team will further develop and strengthen corporate counter-fraud and error detection activity. The changing context in which local government services are delivered is happening against a backdrop of depressed economic activity in which the fraud risk tends to increase.
- 3.9 Appendix A to this report sets out the Annual Internal Audit and Fraud Plan 2015/16.

4.0 Conclusion

- 4.1 The Internal Audit and Fraud Annual Plan has been prepared in line with Public Sector Internal Audit Standards requirements and with reference to the changing fraud landscape and will provide a significant contribution to Clackmannanshire Council's governance arrangements.
- 4.2 Following approval in principle of the Annual Plan, approval will be sought from full Council on 14 May 2015.

5.0 Sustainability Implications

- 5.1 There are no sustainability implications.

6.0 Resource Implications

- 6.1 *Financial Details*
- 6.2 Not applicable

7.0 Exempt Reports

- 7.1 Is this report exempt? No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities**

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

Financial Regulations.

9.0 Equalities Impact

- 9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

10.0 Legality

- 10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

- 11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A - Internal Audit and Fraud Annual Plan 2015/16

12.0 Background Papers

- 12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Public Sector Internal Audit Standards.

Clackmannanshire Council Corporate Risk Register

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Iain Burns	Internal Audit and Fraud Team Leader	226231

Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	Signed: Stephen Coulter
Nikki Bridle	Depute Chief Executive	Signed: Nikki Bridle

Audit Area	Service	Weeks	Quarter	Scope
Corporate Governance Arrangements				
Annual Assurance Report	Corporate	8	Q4	This includes preparing an annual report for the Committee and input into the Annual Governance Statement (AGS) assurance process for the 2015-16 accounts.
Corporate Arrangements				
Compliance with IT Security Policies	Corporate	5	Q2	Compliance with selected IT security policies across a sample of business areas.
Capital Project Management	Resources and Governance/ Corporate	5	Q2	Arrangements for project management of capital spend, including technical input.
Workforce Planning	Corporate	5	Q2	Review of the Council's approach to strategic workforce planning.
Service Audits				
Shared Services	Social Services Education	6	TBC	Covers Social services and Education To be agreed following joint planning meetings with Stirling.
Health and Social Care Integration	Social services	5	Q3	Governance arrangements around HSCI implementation.
Administration of Blue Badges	Development and Environmental	4	Q1	Arrangements for issuing, monitoring and recalling Blue Badges
iTrent	Resources and Governance	5	Q3	Ongoing implementation of the iTrent project.
Debt Recovery	Housing and Community Services	4	Q1	This review will examine the procedures and arrangements in place for the collection and recovery of debt across the Council.

Audit Area	Service	Weeks	Quarter	Scope
ICT Asset Management Plan and IT Contract Management	Resources and Governance	5	Q4	Review of Plan effectiveness and consideration of improvement activity around IT contract management.
Targeted Follow Ups				
Information Governance	Corporate	4	Q3	To consider progress in relation to meeting requirements of Public Records (Scotland) Act.
Financial Systems & Procedures				
Progress of the New Financial System Project	Resources and Governance	4	Q1-4	To provide 'gateway review' challenge at various stages of the development of the new financial system.
Cash Collection and Handling	Corporate	4	Q3	To review the cash management, recording and security arrangements across the Council.
Creditor Management	Resources and Governance	4	Q2	Key controls in place over the maintenance of the creditors ledger.
VFM				
Fleet Management	Development and Environmental	4	Q4	Management and utilisation of vehicle fleet.
Travel and Subsistence	Corporate	4	Q1	Compliance with policy and reasonableness of level of claims.
Consultancies and Agency Workers	Corporate	5	Q1	Controls, monitoring and reporting of levels and cost of consultancy and agency workers.
Mobile Phone Usage	IT/Corporate	2	Q2	Monitoring and challenge processes over useage.
Leisure Income	Strategy and Customer Services	5	Q1	Identifying, collecting and recording leisure income.

Audit Area	Service	Weeks	Quarter	Scope
Delegated Financial Approval Authority	Corporate and Housing and Community Services	4	Q3	Controls in place to ensure that budget spend is not being committed without appropriate authority.
Contingency				
Contingency	Various	6	Q1 to Q4	Contingency time to undertake reactive and audit advice work. Commissioned by management in response to specific concerns or circumstances.
Corporate Fraud				
Fraud and Error Prevention and Detection	Internal Audit and Fraud	55	Q1 to Q4	This involves fraud detection measures including corporate and benefit specific investigations (including Council Tax Reduction Scheme), Data Matching and application of appropriate sanctions.
National Fraud initiative	All Services submitting data	6	Q1 to Q4	The Audit and Fraud Team will lead on this national initiative, it will review progress with investigating data matches and prepare a final report on the outcomes for the committee and Audit Scotland.
Fraud Awareness and Training	All services	3	Q2 to 4	Deliver training across the services for managers and Team Leaders.
Other				
Follow Up		4	Quarterly	This will follow up the progress of recommendations from previous reports.
Annual Planning		2	Q4	Preparation of the 2016/17 Annual Plan.
Joint Board				

Audit Area	Service	Weeks	Quarter	Scope
Annual Assurance Report	Valuation Joint Board	2	Q4	This includes preparing an annual report for the Committee and input into the Annual Governance Statement (AGS) assurance process for the 2014-15 accounts.
Valuation List- Domestic Properties	Valuation Joint Board	2	Q4	Scope will be determined following discussion with Assessors.
Total Time Allocated to Annual Plan		172		