



**Clackmannanshire
Council**

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**Kilncraigs, Greenside Street, Alloa, FK10 1EB
(Tel.01259-450000)**

Resources & Audit Committee

**30 April 2015 at
10.00 am**

**Venue: Council Chamber, Patons Building, Kilncraigs,
ALLOA FK10 1EB**

RESOURCES AND AUDIT COMMITTEE

Resources

- scrutiny of corporate budgets, financial performance and asset management
- scrutiny of decision-making of other Standing Committees and the Council, with the ability to call in decisions (inc Council)
- initiate or undertake scrutiny reviews
- monitor the performance of the organisation against agreed outcomes, standards and targets
- scrutiny of community planning and its effectiveness
- monitoring of service and financial performance of Finance & Corporate Services
- oversee the development and implementation of frameworks for managing Council resources and the development and application of the Council's governance framework
- ensure systematic appraisal of the Council's control environment and framework of internal control, particularly via monitoring and review of the Annual Governance Statement

Audit

Receive the following reports and accompanying analysis:

- external audit reports and action plans resulting from such
- internal audit update reports and action plans resulting from such
- internal audit results of investigations
- Annual Statement of Accounts

Consider and monitor the operational and strategic internal audit plans and reviewing internal audit performance.

Monitor and review actions taken on internal and external audit recommendations.

Promote internal control by the systematic appraisal of risk management processes, including corporate risk strategy and risk management procedure.

22 April 2015

A MEETING of the RESOURCES AND AUDIT COMMITTEE will be held within the Council Chamber, Patons Building, Greenside Street, Alloa FK10 1EB, on THURSDAY 30 April 2015 at 10.00 am.

**NIKKI BRIDLE
Depute Chief Executive**

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2. Declaration of Interests Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
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RESOURCES AND AUDIT COMMITTEE – MEMBERS (Committee Quorum 4)

Councillors

Wards

Councillor	Archie Drummond	(Convenor)	2	Clackmannanshire North	INDP
Councillor	Donald Balsillie		2	Clackmannanshire North	SNP
Councillor	Janet Cadenhead		4	Clackmannanshire South	LAB
Councillor	Craig Holden		4	Clackmannanshire South	SNP
Councillor	Bobby McGill		2	Clackmannanshire North	LAB
Councillor	Les Sharp		1	Clackmannanshire West	SNP
Councillor	Jim Stalker		1	Clackmannanshire West	LAB
Councillor	Graham Watt		3	Clackmannanshire Central	LAB

MINUTES OF MEETING of the RESOURCES AND AUDIT COMMITTEE held within the Council Chamber, Patons Building, Kilncraigs, ALLOA, FK10 1EB, on THURSDAY 26 FEBRUARY 2015 at 10.00 am.

PRESENT

Councillor Archie Drummond, Convenor (In the Chair)
Councillor Donald Balsillie
Councillor Janet Cadenhead
Councillor Craig Holden
Councillor Bobby McGill
Councillor Les Sharp
Councillor Graham Watt

IN ATTENDANCE

Nikki Bridle, Depute Chief Executive
Stuart Crickmar, Head of Strategy and Customer Services
Stephen Coulter, Head of Resources and Governance
Ahsan Khan, Head of Housing and Community Safety
Sharon Johnston, Assistant Head of Education
Brian Forbes, Customer Services Manager
Lindsay Todd, District Registrar
Derek Barr, Procurement Manager
Iain Burns, Internal Audit and Fraud Team Leader
Ashley MacGregor, Accountant
Andrew Wyse, Team Leader, Legal Services (Clerk to the Committee)
Jim Boyle, Deloitte LLP
Lindsay Robertson, Deloitte LLP

RA.137 APOLOGIES

Apologies for absence were received from Councillor Jim Stalker.

RA.138 DECLARATIONS OF INTEREST

None.

**RA.139 MINUTES OF RESOURCES AND AUDIT COMMITTEE 4 DECEMBER
2014**

The minutes of the meeting of the Resources and Audit Committee held on Thursday 4 December 2014 were submitted for approval.

The Clerk confirmed that the Leader of the Council, Councillor Les Sharp is ex-officio one of the administration's three members on the Resources and Audit Committee. As the previous post holder Councillor Womersley is no longer an ex officio member of the Committee.

Decision

Subject to the above amendment, the minutes of the meeting of the Resources and Audit Committee held on Thursday 4 December 2014 were agreed as a correct record and signed by the Convenor.

RA.140 EXTERNAL AUDIT: PLANNING REPORT 2014/15

A report, submitted by the Depute Chief Executive, set out the planned audit activity during 2015/16 in respect of the audit of the financial year 2013/14. For the external auditors, Jim Boyle and Lindsay Robertson also addressed the Committee on the report.

Motion

That Committee agrees to the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed to note the proposed external audit plan for financial year 2014/15.

RA.141 CLACKMANNANSHIRE COUNCIL INTERNAL AUDIT AND FRAUD ANNUAL PLAN 2015/16

A report, submitted by the Internal Audit and Fraud Team Leader, presented the Committee the Clackmannanshire Council Internal Audit and Fraud Annual Plan 2015/16.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed the Annual Internal Audit and Fraud Plan 2015/16 and recommended to Council that the Plan be formally approved .

Action

Internal Audit and Fraud Team Leader

RA.142 INTERNAL AUDIT AND FRAUD PROGRESS REPORT

A report, submitted by the Internal and Audit Fraud Team Leader, provided an update on work completed from the Internal Audit and Fraud Annual Plan 2014/15,

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed to note the progress made on the Internal Audit and Fraud Annual Plan 2014/15.

RA.143 COUNCIL FINANCIAL PERFORMANCE 2014/15

A report, submitted by the Chief Accountant, provided the Committee with an update on the financial performance of the Council to date in respect of both revenue and capital spend for the current financial year, 2014/15. Projected outturns up to March 2015 were also set out in the report.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed to note:

1. the forecast General Fund Revenue overspend for the year of £0.112m (paragraph 4.2 and Appendix A);
2. delivery of 73% of the planned 2014/15 savings to date (Table 2);
3. a favourable outturn of £0.584m forecast on the Housing Revenue Account (Paragraph 5.1);
4. a forecast underspend on General Services Capital of £9.476m of which £6.904m are savings in delivery of programme, with the remainder carried forward to 2015/16 (Table 3);
5. a forecast underspend of £1.691m on HRA capital spend. An equivalent amount is carried forward to 2015/16.

RA.144 RESOURCES AND AUDIT FORWARD PLAN

A report, submitted by the Head of Strategy and Customer Services, presented to the Committee the Resources and Audit Forward Plan for the year 1 April 2015 to 31 March 2016.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed the Resources and Audit Forward Plan for 2015/16 and recommended that it be approved by Council.

Action

Head of Strategy and Customer Services

RA.145 RESOURCES AND AUDIT IMPROVEMENT PLAN

A report, submitted by the Head of Strategy and Customer Services, outlined an Improvement Plan for 1 April 2015 to 31 March 2016. The improvement plan focused on the scrutiny aspects of Committee remits.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed:-

1. to note the report; and
2. that a scrutiny improvement and development workshop should be arranged in April or May 2015 for all elected members.

Action

Head of Strategy and Customer Services

RA.146 CORPORATE COLLECTIONS AND RECOVERY

A report, submitted by the Head of Housing and Community Safety, updated the Committee on the position with corporate collection rates across all income streams.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented in and challenged it the Committee agreed to note the report

Councillor Holden withdrew from the meeting at this point in the proceedings (12.15 hrs)

RA.147 PROCUREMENT ANNUAL REPORT

A report, submitted the Head of Resources and Governance, updated the Committee on key procurement activity and statistical performance during the Financial Year 2013-14 and provided an update on the Procurement Capability Assessment in 2014.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed to note the Procurement Annual Report.

The Convenor adjourned the meeting at this point in the proceedings (1230 hrs).

When the meeting resumed at 1250 hrs, 6 members remained present.

RA.148 PROGRESS FOLLOWING INSPECTION OF ST MUNGO'S RC PRIMARY SCHOOL EDUCATION SCOTLAND'S REPORT

A report, submitted by the Head of Education, updated the Committee on the progress made following the report by Education Scotland of their inspection of St Mungo's RC Primary School.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

The Committee agreed to :-

1. note the progress made against the Action Plan to address the necessary improvements of St Mungo's Primary School following the Education Scotland Inspection, and
2. after commenting on and challenging the report noted the plans made by the Education Service to secure continuous improvement of the school's performance.

RA.149 REGISTRATION SERVICE ANNUAL STATISTICAL REVIEW 2014

A report, submitted by the Customer Services Manager, informed the Committee of the annual review of service activity for the year to the end of December 2014.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed to note the progress made on the Registration Service Annual Statistical Review 2014.

**RA.150 STRATEGY AND CUSTOMER SERVICES PERFORMANCE AND
FINANCE REPORT, 23RD QUARTER 2014/15**

A report, submitted by the Head of Strategy and Customer Services, updated the Committee on the performance and finance position for Strategy and Customer Services for the 3rd Quarter 2014/15.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the report.

**RA.151 RESOURCES AND GOVERNANCE FINANCE AND PERFORMANCE
REPORT 01/10/14 - 31/12/14**

A report, submitted by the Head of Resources and Governance, informed the committee on performance for the third quarter of 2014/15 by the Resources and Governance service. The report highlighted service activity, achievements and performance between October and December 2014 and identified future challenges, opportunities and risks. The report also included financial performance with the aim of providing an overview of performance against budget for the first nine months of 2014/15 and a projection of expected outturn to 31/03/15.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Archie Drummond. Seconded by Councillor Donald Balsillie.

Decision

Having commented on and challenged the report, the Committee agreed to note the information set out in the report.

ENDS 13.55 pm

Report to Resources and Audit Committee

Date of Meeting: 30 April 2015

Subject: Director of Finance Performance Benchmarking 2013/14

Report by: Head of Resources and Governance

1.0 Purpose

- 1.1. The purpose of the report is to provide the Committee with information on the performance of the financial operations of the Council as at the end of 2013-14, as benchmarked through the Director of Finance performance indicators. The report sets out the main actions currently being progressed by the services to continue to improve on performance.

2.0 Recommendations

- 2.1. The Committee notes the review of financial operational performance for 2013/14, comments on and challenges the outcomes, where appropriate.
- 2.2. The Committee agrees to discontinue this annual report because the performance information included within it is presented in service business plans, update reports and other Council or Committee papers. Where performance indicators reported elsewhere are also part of Director of Finance indicators these will be explicitly flagged in the relevant report.

3.0 Considerations

- 3.1. All Scottish Local Authorities have representatives on the Directors of Finance Group. The group provides a forum for professional peer discussion and a platform for coordinating consultation with relevant stakeholders, including COSLA and the Scottish Government. All members participate in formal performance benchmarking, which is conducted annually. The financial key performance indicators are also recognised by the Scottish Government as Statutory Performance Indicators.
- 3.2. The Director of Finance Key Performance Indicators (D of F KPI's) are collected and collated by the Chartered Institute of Public Finance and Accountancy (CIPFA) during the summer with benchmarked results available for all members at the end of each calendar year.
- 3.3. This data relates to 2013-14 and is already over a year old. Many of the issues identified have already been addressed or action plans are in place to

address them. Improvement actions have been reported in various committees through Service plans.

- 3.4. There are 51 financial indicators of which 44 are applicable to Clackmannanshire. Those not reported on by Clackmannanshire Council related to Pension Fund administration. Performance is reported on by the eleven Local Authorities who administer the Local Authority pension schemes.
- 3.5. Of the 44 indicators, 33 of these reflect performance, while the remaining 11 reflect statistical information.
- 3.6. Excluding the Pension Funds administration indicators, there are five operational financial reporting categories as follows;
 - Income, including council tax, non domestic rates and sundry debtors
 - Payments, including payroll and supplier payments
 - Council Tax and Housing Benefits administration and processing
 - Internal Audit
 - Treasury Management
- 3.7. The Council's performance in 2013/14, with three year trend where applicable and national benchmarking comparison information is summarised in **Appendices A and B**. The information has been categorised between Performance Indicators in Appendix A and Statistical Information in Appendix B.
- 3.8. For 2013/14 the movement for the Council, relative to its performance in 2012/13 was as follows.:

Table 1

Movement in Performance	2013/14
Improvement	9
Same	10
Decline	11
New Indicators	2
Total	32

This information is presented in more detail in Appendix A

- 3.9. Of the 44 indicators that the Council reports on, 32 of these allow for relative comparison across Scotland. The indicators reflect both service and corporate, operational and strategic performance. Accordingly there are differing levels of influence that the finance services can exert, as follows:

- For indicators that reflect transactional operational processes managed within one of the finance teams, such as income collection, processing times and completion of the Audit Annual Plan, these can be highly influenced by the relevant team in the short to medium term.
- For indicators which reflect "end to end" Council wide performance involving services as well as finance, such as payments within 30 days or number of salaries paid correctly, these can be influenced in the medium to longer term through pro active targeting of non compliance.
- For indicators which reflect the cost or value for money of providing a service, these can be influenced in the medium to longer term through improved processes. Investment in new systems and automation of processes and internal control will also increase the ability of the finance teams to influence improvements in corporate performance and value for money indicators.

3.10. The Council's performance for 2013/14, relative to the other Scottish Local Authorities is reported in Appendix A. This is summarised as follows:

Table 2

Quartile Placing	2012/13	2013/4	Movement
First Quartile (1st to 8th)	2	1	(1)
Second Quartile (9th to 16th)	8	10	2
Third Quartile (17th to 24th)	10	9	(1)
Fourth Quartile (25th to 32nd)	10	10	0
New Indicators		2	
Total	30	32	-

3.11. The remaining 11 indicators are summarised in Appendix B and provide statistical information. This statistical information includes council tax and non domestic rates income where the Council's ranking remains constant and relative to its size. Appendix B also includes statistics relating to corporate finance and insurance where benchmarking is not undertaken.

3.12. Performance generally was relatively stable and most movements in indicators relatively small. Where performance changes have been less than 1% these have been presented as static. Significant changes are noted in the following two paragraphs.

3.13. Improvements were seen between 2012-13 and 2013-14 as follows:

- the payment of invoices electronically which has seen a 11 percentage point increase in both indicators to 94% payment by volume and 97% payment by value
- Continuing decrease in the proportion of outstanding debt

- A 19% decrease in the cost of Internal Audit

3.14. Deteriorations were seen between 2012-13 and 2013-14 as follows:

- The cost of collecting non domestic rates increased by over 100% to £62.12. This however is largely due to the restructure of the service at that time and changes in the way this measure was calculated.
- The four indicators measuring the time taken for processing council tax and housing benefit notifications increased by between 33% and 66%. Whilst processing times were already on the increase, the restructuring of the service at that time created a further decline in performance. This was addressed and a backlog of 1500 claims was cleared by June 2014. However, it clearly had a negative impact on the in-year figure.
- The percentage of overpayments increased by 22%. This was due to the same issues mentioned above, and in particular the backlog of claims which meant that notifications of changes in circumstances were then processed too late.
- The cost of collecting sundry debtors debt increased by 61%. This was also due to the restructuring of the service and changes in the way this measure was calculated.
- The cost per payslip increased by just under 5% due to increased printing costs and extra staff time related to iTrent
- Two indicators relating to treasury management which relate to the changing profile of the Council's loans. These movements were explained in the Prudential Indicator's Report and are outside the short term control of the Council.

The ongoing actions to address these issues are detailed in paragraph 3.18.

3.15. The Accountancy and Revenues Services are committed to continuous improvement and reflect this within their Service Business Plans. Key objectives include income maximisation, redesigning service provision and improving the efficiency and effectiveness of strategic and operational financial arrangements.

3.16. The relevant Director of Finance performance indicators are reflected and are monitored monthly through performance monitoring arrangements. The collection, payment and audit indicators will also be reflected within the Resources and Governance Business Plan and reported to members in the quarterly performance reports. Indicators that make up Director of Finance KPIs will be explicitly flagged as such. Where relevant performance improvement in this suite of indicators relative to Clackmannanshire's historical trend as well as the Local Authority benchmark will be reported

3.17. In reviewing the overall financial performance, the following activities took place during 2014/15.

- Restructure of the Revenues and Audit and Fraud teams in preparation for integration of Revenues with Housing & Community Safety and transfer of Audit and Fraud teams to Governance.

- Continuing Integration of the payroll and HR system following "Go Live" of the Itrent system in April 2013,
- Continued briefings for members, staff and other stakeholders on the impacts of budget pressures and welfare reform,
- Best practice visits made to other LA's and attendance at best practice groups,
- Complying with Real Time Information (RTI) filing requirements to HM Revenues and Customer, thereby automating the filing of tax and deductions data monthly,

Financial Performance 2014/15 onwards.

3.18. To ensure that the key areas where performance standards are at risk the Accountancy and Revenues and Payments services, together with stakeholders continue to plan how to improve performance, improve the efficiency of arrangements and improve the provision of financial information. In 2013/14 and 2014/15, progressing and planned improvements include the following work.

- The Revenues Service was separated from Audit, Fraud, and Payments, and is being integrated into the Housing & Community Safety Service. The intention is to deliver efficiencies and provide a greater focus on customer service and income collection. Service redesign is being facilitated by Vanguard Scotland consultants
- The job profile for housing officers will be widened to deal with rents, along with other functions including collections. Basic budgeting and debt advice will also be built into the job profile of housing officers. The intention is to expand the housing officer team to assign officers to small 'patches', providing a wider range of services. This will minimise unnecessary handoffs and duplication of work, and is intended to create much closer links with residents and communities. This will be essential to mitigate the impact of universal credit.
- The review of existing payment arrangements was completed in 2013-14. A joint tender exercise with other local authorities was undertaken in 2014-15. The new payment system will be introduced in 2015-16. This will provide customers with a wider range of 365 day / 24 hour payment options. Making it as easy as possible for customers to pay is a key component of our income maximisation strategy.
- A new Sheriff Officer contract for pursuing outstanding debts was put in place in 2014-15 after a competitive tender exercise. The intention was to reduce the costs of collection, and improve the collection rates.
- In 2014-15 the staff team redesigned housing benefit processing to improve performance. The new processes were audited by the Department of Work and Pensions (DWP) and found to be satisfactory. Improved processing time reduces the opportunity for overpayments to arise. The reported processing performance may still be adversely affected in the short term by the ongoing service redesign, as well as

any DWP backdating of claims. Performance remained fairly consistent during 2014-15, and is around the national average.

- Payroll service restructures and the move to electronic payslips will reduce the staff and printing costs associated with payroll processing, Phase two of the integrated HR and payroll Trent system, including the roll out of Employee and Manager Self Service modules will improve the capture of employee change requests, reduce bureaucracy and improve the accuracy of payroll.
- Reviewing methods for purchasing goods and services within the Council, as part of the corporate procurement approach to ensure swifter payment
- Improve engagement and regular joint working with services to monitor budgets and capture under or overspending timeously as part of reporting outturns,
- A project has now been instituted for the procurement of a new finance system for implementation in 2016 which will support the streamlining of the Council's financial processes, provide better management information and improve performance in regard to procurement and payment.

Conclusion

- 3.19. Overall the operational financial performance is remaining generally static with some outliers noted in regard to performance improvement and deterioration. There are specific areas where performance has declined and action is being undertaken to address this. Actions are also planned and will continue to be progressed as part of finance services business planning, to address declines in performance of financial operations and embed sustainable continuous improvement.
- 3.20. The 2014/15 Director of Finance performance indicators will be collated during the autumn of 2015 and the report will be made available to members in the final quarter of 2015/16.
- 3.21. Given the historic nature of the data at the point it is published indicators from the benchmarking report will be incorporated into the relevant service's business plan and reference made where relevant to setting comparative performance targets to drive continuous improvement. It is proposed that this report is discontinued as relevant up to date information is already being reported in service business plans and other Council and Committee reports.

4.0 Sustainability Implications

- 4.1. None

5.0 Resource Implications

- 5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. *Staffing*

There are no staffing implications associated with this paper.

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

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

(1) **Our Priorities** (Please double click on the check box)

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)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No N/A

9.0 Legality

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

10.0 Appendices

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

Appendix A Performance Indicators

Appendix B Statistical information

11.0 Background Papers

11.1 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

CIPFA Director of Finance Benchmarking

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stephen Coulter	Head of Resources and Governance	452022
Ahsan Khan	Head of Housing and Community Services	452473

Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	
Nikki Bridle	Director of Finance & Corporate Services	

DIRECTOR OF FINANCE PERFORMANCE INDICATORS 2013/14

APPENDIX A

CLACKMANNANSHIRE COUNCIL

Performance Information

Ref	Indicator Description	Clacks			Ranking			Quartile			Movement	National
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2013/14	Average
Income Collection												
1.1	Cost of Council Tax per Dwelling	£6.77	£16.46	£14.57	3	26	25	1	4	4	▲	£12.25
1.2b	Percentage of Council Tax Received During the Year	95.20%	95.31%	94.73%	18	19	22	3	3	3	◀▶	95.42%
1.2c	Is 1.2b based on a line by line collection of water charges			yes								
1.3b	Percentage of Council Tax for the years shown which have been collected by 31 March 14	96.50%	96.20%		20	20		3	3		◀▶	96.07%
1.3c	Percentage of Council Tax Received for the past five years	95.82%	95.98%	96.10%	23	23	22	3	3	3	◀▶	96.44%
2.1	Cost of Collecting Non Domestic/Business Rates per dwelling	£32.77	£26.52	£62.12	17	15	31	3	2	4	▼	£24.30
2.2b	Percentage of Non Domestic Rates Received During the Year	96.90%	98.00%	97.66%	20	6	15	3	1	2	◀▶	97.03%

DIRECTOR OF FINANCE PERFORMANCE INDICATORS 2013/14

APPENDIX A

CLACKMANNANSHIRE COUNCIL

2.3b	Percentage of Non Domestic Rates for the years shown which have been collected by 31 March 2014	99.00%	98.89%		21	13	11	3	2	2	◀▶	98.15%
2.3c	Percentage of Non Domestic Rates Received for the past five years	97.95%	98.32%	98.46%	24	16	15	3	2	2	◀▶	98.25%
3.1	Cost of Collecting Sundry Debtors per Debtor Account Issued	£8.33	£4.01	£6.46	27	14	26	4	2	4	▼	£4.10
3.2	Income Received as a Percentage of the Opening Sundry Debtor Balance	83.72%	79.92%	69.24%	9	19	29	2	3	4	▼	85.56%
3.3	Proportion of Outstanding Debt that is more than 90 days old	53.81%	39.31%	37.00%	27	17	16	4	3	2	▲	38.31%

DIRECTOR OF FINANCE PERFORMANCE INDICATORS 2013/14

APPENDIX A

CLACKMANNANSHIRE COUNCIL

Ref	Indicator Description	Clacks			Ranking			Quartile			Movement	National
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2013/14	Average
Payroll and Payments Processing												
4.1	Actual Cost per Payslip Produced	£6.17	£6.94	£7.26	31	30	31	4	4	4	▼	£3.28
4.2a	Number of Salaries made correctly as a percentage of total payments made	99.71%	99.60%	99.74%	20	24	14	3	3	2	◀▶	99.59%
4.2b	Number of Salaries made correctly as a percentage of value of payments made	99.93%	99.78%	99.87%	7	24	16	1	3	2	◀▶	99.76%
5.1	Unit cost per creditor invoice paid	£2.80	£3.53	£3.20	30	32	30	4	4	4	▲	£1.65
5.2	Percentage of Invoices paid within 30 days of receipt	86.29%	79.22%	80.40%	21	31	30	3	4	4	▲	92.15%
5.3a	Percentage of all payments made electronically (by volume)	81.82%	87.20%	98.16%	30	27	9	4	4	2	▲	94.33%
5.3b	Percentage of all payments made electronically (by value)		88.70%	99.40%		29	9		4	2	▲	97.00%
Council Tax and Housing Benefit Administration												
6.1	Gross Administration Cost of Housing and Council Tax Benefit	£31.44	£34.94	£20.39	5	8	1	1	1	1	▲	£41.40
6.2ai	Time for processing new claims (days)	26	32	45	22	26	32	3	4	4	▼	26

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CLACKMANNANSHIRE COUNCIL

6.2aii	Time for processing notification of changes for claim (days)	8	9	12	13	16	25	2	2	4	▼	9
6.2bi	Time for Processing Council Tax Reduction Application new claims (days)			48			27			4	◀▶	27
6.2bii	Time for Processing Council Tax Reduction Application notifications of changes in circumstance (days)			21			28			4	◀▶	10
6.2ci	Time for Processing Combined Housing Benefit / - Council Tax Performance new claims (days)	26	32	47	22	26	26	3	4	4	▼	25
6.2cii	Time for Processing Combined Housing Benefit / - Council Tax Performance notifications of changes in circumstances (days)	9	9	15	13	16	24	2	2	3	▼	9
6.3	Percentage of overpayments due to Local Authority as a percentage of all benefits	0.26%	0.31%	0.38%	20	22	24	3	3	3	▼	0.30%
Internal Audit Provision												
8.1	Cost of internal audit per £million of net expenditure	£1,678	£1,491	£1,207	31	27	23	4	4	3	▲	£988
8.2	Productive Days as a percentage of Productive days per the Annual Plan	87.04%	88.42%	95.85%	27	26	18	4	4	3	▲	96.47%
Treasury Management												
9.1a	Loans Fund Interest Rate	4.83%	4.46%	4.60%	20	15	19	3	2	3	▼	4.44%
9.1b	Loans Fund Expense Rate	0.10%	0.10%	0.10%	23	21	19	3	3	3	◀▶	0.07%

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CLACKMANNANSHIRE COUNCIL

9.2a	Ratio of Financing Costs to Net Revenues Stream for General Fund	7.93%	7.75%	8.10%	18	17	14	3	3	2	▼	7.58%
9.2b	Ratio of Financing Costs to Net Revenues Stream for Housing Revenue Account	20.63%	18.01%	18.10%	15	13	10	2	2	2	◀▶	33.01%

CLACKMANNANSHIRE COUNCIL

Statistical Information

Ref	Indicator Description	Clacks			Ranking			Quartile			National Average
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2013/14
Income Collection											
1.2a	Income Due from Council tax for the Year (£000)	£18,194	£18,436	£18,597	29	29	29	4	4	4	£63,743
1.3a	Income Due from Council Tax for the years shown at 31 March 2014 (£000)	£18,195	£18,415		29	29	29	4	4	4	£62,645
2.2a	Income Due from Non Domestic Rates for the Year (£000)	£13,807	£14,742	£14,769	29	29	29	4	4	4	£79,578
2.3a	Income Due from Non Domestic Rates for the years shown at 31 March 2014 (£000)	£12,942	£13,957		29	29	29	4	4	4	£71,414
Corporate Finance Provision											
7.1	Number of qualifications on the accounts	0	0	0	0	0		0	0		0
7.2a	Actual vs budget	96.11%	97.85%	97.50%	**	**		**	**		99.11%
7.2b	Actual vs projected outturn	99.20%	99.78%	99.22%	**	**		**	**		99.67%
7.3	Professional qualified accountants as a ratio of £m of net expenditure	01:12	01:12	01:11	**	**		**	**		01:18
Insurance											
12.1a	Ratio of Employees Liability Claims to FTE Employees	1:700	1:264	1:364	**	**		**	**		1:385

DIRECTOR OF FINANCE PERFORMANCE INDICATORS 2013/14

APPENDIX B

CLACKMANNANSHIRE COUNCIL

Ref	Indicator Description	Clacks			Ranking			Quartile			National Average
		2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2013/14
12.1b	Ratio of Public Liability Claims to Head of Population	1:643	1:758	1:855	**	**		**	**		1:457
12.1c	Ratio of Motor Claims to Number of Vehicles	1:3.7	1:6.4	1:9.9	**	**		**	**		01:03.4

Report to Resources and Audit Committee

Date of Meeting: 30 April 2015

Subject: Council Financial Performance 2014/15

Report by: Management Accountancy Team Leader

1.0 Purpose

- 1.1 This paper provides an update on the financial performance of the Council to date in respect of both revenue and capital spend for the current financial year, 2014/15. Projected outturns up to March 2015 are also set out in the report.

2.0 Recommendations

- 2.1. The Committee is asked to note:
- 2.2. The forecast General Fund Revenue underspend for the year of £1.207m (paragraph 4.2 and Appendix A).
- 2.3. Delivery of 78% of the planned 2014/15 savings to date (Table 2).
- 2.4. A favourable outturn of £0.691m forecast on the Housing Revenue Account (Paragraph 5.1).
- 2.5. A forecast underspend on General Services Capital of £9.899m of which £6.935m are savings in delivery of programme, £4m of which relates to additional grant received for Redwell School, with the remainder carried forward to 2015/16 (Table 3).
- 2.6. A forecast underspend of £3.016m on HRA capital spend, all of which is carried forward to 2015/16.

3.0 Background

- 3.1. This report consolidates the detailed Service Committee reporting which is reported to individual service committees. The focus of the Resources and Audit Committee's remit is correspondingly the scrutiny of the corporate financial position.
- 3.2. Outturn positions reflected in this report are based on rigorous reviews of service spending activity by accountants and service managers which have

been reinforced through ongoing budget challenge sessions conducted by the Executive Group.

4.0 General Fund Revenue

4.1 Appendix A to this paper sets out the revised estimate for each service area. Projected outturns for the full year have been prepared following discussions with Service Managers.

4.2 Overall the Council's net expenditure this year is expected to record an underspend of £1.207m by the end of March. This is a significant improvement on the previously reported underspend of £112k. The overspend of £1.165m within Social Services Adult and Child Care Provision is fully off-set by savings across other service areas. The overspend in social services has reduced by £715k since previously reported due to the management action taken (further detail is set out in Table 1 below). The movement is also due to the review of income reflecting the latest settlement information received at February 2015, income has increased by £370k which is not directly required by services in the year, resulting in a reduction in use of reserves of the same amount. The outturn also reflects additional income due in the year for CSBP investments of £75k and an insurance rebate for PPP schools of £194k.

4.3 Table 1 below provides an overview of the Council's outturn position within each Service Expenditure area. The commentary aims to flag the key reasons for material variances from the approved budget.

Table 1 Summary of Service Budget Variances

Service	Annual Budget	Projected 31.03.15 (under)/over	Commentary
Support Services	£7.121m	£66K	<p>Overspend attributable to:-</p> <ul style="list-style-type: none"> - impact of the retendering of the sheriff officers contract in the year. - ongoing Itrent implementation costs. - earlier start date for Head of Service than previously projected. <p>The overspend is partially offset by staffing underspends in IT of £74k.</p>
Strategy and Customer Services	£6.416m	(£381k)	<p>Underspend attributable to:-</p> <ul style="list-style-type: none"> -staff turnover, vacancies, restructure and voluntary severance. -a new website that was created to issue replacement birth, death and marriage certificates is generating £60K of new income to the council against a budget of £30k.

Service	Annual Budget	Projected 31.03.15 (under)/over	Commentary
Facilities Management	£24.829m	(£1,405k)	<p>Underspend attributable to:-</p> <p>PCU moved under the control of the Head of Housing & Community Safety from April and has been restructured to reflect the change to the sit within the HRA. The restructure is now complete which has resulted in income for FM related to recharges of services provided centrally including, fleet and buildings. Income to FM of (£517k), included in figures below.</p> <p>Energy savings (£327k) due to reduced usage and closure of buildings in the year, and reduction in tariffs.</p> <p>Schools PPP, insurance rebate received in year of (£194k)</p> <p>Fleet services (£445k) due to saving in fuel charges (£101k) which have fallen since autumn, and the recharge for the PCU of (£344k).</p> <p>Catering Service (£135K). School meals income has increased due to promotion of service. Catering Service has also reduced its food costs due to improving their in house procurement arrangements.</p> <p>Waste Management (£430k) savings in refuse collection and operational review of staffing, reduction in strategic waste fund activity, offset additional costs for waste disposal due to higher volumes and reduced income from external clients.</p> <p>This is off-set by overspends in the following service areas :-</p> <p>Asset Management £137K legal fees due to contractor's dispute, shortfall in rental income and fees.</p> <p>Leisure Services £150K. Price increases not yet implemented. Leisure Facilities also continue to see a reduction in the levels of use.</p> <p>Janitors overspend £45k due to savings not being achievable, and additional costs due to long term absence cover.</p> <p>Management unit recharge of Head of Service £49k to HRA no longer appropriate following restructure, and removal costs associated with relocation to Kilncraigs.</p>

Service	Annual Budget	Projected 31.03.15 (under)/over	Commentary
Social Services	£27.184m	£1.165m	<p>Overspends attributable to :-</p> <p>Savings not yet achieved of £154K</p> <p>Saving in strategy due to recharge of shared services costs and CJA overheads (£102k)</p> <p>Increased hours Adult care at home packages £695k this is partially offset by vacancies (£283k)</p> <p>Management and transportation of additional Child Care £55K, and agency staff overspend £61k</p> <p>Residential schools budget continues to be overspent £699k but this has reduced with 4 children moving out and one placement cost has reduced due to the change in type of placement. Foster Care 39 placements overspend £631k.</p> <p>This is partly off-set by an underspend in staffing vacancies (£192K) and Kinship care budget allocated from corporate services was not fully required in year saving (£166k), and Woodside relief saving and additional income (£155k)</p>
Education	£34.973m	(£406k)	<p>Underspend attributable to:-</p> <p>timing of appointments, less EYW hours required for additional provision 600 hours and posts funded by Change fund (£88K)</p> <p>Primary staffing (£349K)</p> <p>ASN additional income - external placements (£29K)</p> <p>Psychological Services -new shared service and maternity leave saving (£20K)</p> <p>Sports Development – using existing staff to generate additional income (£31K)</p> <p>This is partially off-set by the following overspends:-</p> <p>Additional teachers seconded to shared services management £32K</p> <p>Final quarter of Transport Contract £24K</p> <p>Secondary Teaching costs overspend</p>

Service	Annual Budget	Projected 31.03.15 (under)/over	Commentary
			£66k due to supply cover for sickness and vacancies
Housing	£2.499m	(£351K)	<p>Underspend mainly attributable to vacancies as a result of ongoing restructuring (£116K) budget reduced by VS post.</p> <p>Underspend in grants and donations (£69k)</p> <p>Private Sector Housing underspend (£106k) on supported owners and empty homes initiative.</p> <p>Rent Rebates and Allowances revised to be based on mid year return, and additional DHP funding (£357k).</p> <p>Homeless accommodation is overspent £295K due to B&B usage awaiting the completion of Hallpark & Pine Grove, and additional costs have also been incurred for repairs on private let properties handed back to the landlord.</p>
Community and Regulatory	£5.283m	(£206K)	<p>Underspend mainly attributable to:</p> <p>Street lighting Energy (£82K)</p> <p>Vacancies across the service (£193K)</p> <p>Economic Services, share of the upward revaluation of property assets (£75k) as per the latest annual accounts of CSPB Clackmannanshire Developments Ltd of which the Council is a Joint Venture partner.</p> <p>Building Standards is projecting an overspend of £67K due lower levels of income this year this is offset by savings in staffing.</p>

Service	Annual Budget	Projected 31.03.15 (under)/over	Commentary
			Planning reduction in income from fees £46k. Clacks Works 3 year programme ends on 31 st March, overspend of £39k on apprentice trainee allowances.
PCU	(£661k)	£661k	PCU has now been realigned within the HRA. The overspend is offset by savings in FM where services will be directly recharged, and central support charges which will now be charged to HRA.
Central Support Recharge	(£1.392m)	(£155K)	Saving in Central Support costs results in a reduction in recharges to non-general fund users £113k the saving is offset by the recharge for PCU services previously internal of £268k.
Corporate Adjustments	£894k	(£236k)	Welfare Reform outturn projected in line with demand. Saving (£442k) Change fund allocated per demand. Saving (£301k) Procurement savings not realised £278K £40k of the specific £200k managed contraction of staff savings were achieved with a significantly greater balance of vacancy management savings delivered to bring the budget back into balance from earlier in the year. Advice and Guidance Review no savings identified £30k. Holiday Pay incurred due to legislation change overspend of £47k.
Non Distributed Costs	£1.610m	(£123k)	Employment Fund fully allocated. Annual pension costs (additional years) forecast saving of £122k
Total	£108.799m	(£1.371k)	

- 4.4 Appendix A also highlights a number of non-service expenditure and income areas of the Council budget (not detailed in Table 1).
- 4.5 Council tax records an increase in income of £48k compared to budget. Interest on revenue balances projected has reduced in line with the interest rates resulting in a shortfall of £212k.
- 4.6 The outturn reflects the latest settlement information received at February 2015, where income has increased by £370k. The additional income relates to Children's and Young People and Free School Meals funding required to provide the service in the next financial rather than current year of £165k, new

areas of funding and adjustment in service requirements £51k and changes in the base calculation by Scottish Government of £154k.

- 4.7 The 2014/15 budget incorporated approved management and policy savings of £4.222m. At this point in the year we are able to report that 73% have been achieved to date with expectation that further progress will be made in the remainder of the year. Table 2 below sets this out for each council service portfolio.

Table 2 Budgeted 2014/15 savings progress

Department	Savings full year 14-15 £000	Progress 14-15 £000	Comments
Support Services	12	12	Savings achieved
Strategy and Customer	345	345	Savings achieved
Facilities Management	61	61	Savings achieved
Social Work	483	329	Ongoing detailed review of budget provision
Education	627	624	£3k shortfall income target relating to the new policy for pupil transport concessionary charges.
Housing	666	666	Saving achieved
Community and Regulatory	80	80	Saving Achieved
Corporate	1,948	1,208	£1,208k savings achieved regarding staff terms & conditions, income & charging and chief officers restructure, overtime restriction. Income from Empty homes is projected at £58k against the £300k budget. Procurement and managed contraction of staff savings will not be realised.
	4,222	3,325	

5.0 Housing Revenue Account

- 5.1 Appendix B to this paper sets out the summary budget for the Housing Revenue Account for this year in accordance with its Business Plan. It is forecast that the Service will achieve a surplus in the year of £4.766m which is £691k greater than budgeted.
- 5.2 Staffing costs are recording an underspend of £306k. £59K of this relates to the reduction in the working week from 36 hours to 35 hours and the remaining £247K due to current vacancies. The Head of Housing has been actively reviewing the structure of the service since his appointment. Other areas of underspend include Repairs and Maintenance £140k, central support cost £98k and capital financing costs due to underspend in the capital programme of £104k.
- 5.3 The underspend is partially off-set by an overspend of £50K for additional void rent loss and the revenue costs of Vanguard £36k previously expected to be capitalised.

6.0 Capital

6.1 General Services

6.2 Appendix C to this paper details the General Services capital programme for the current year where individual projects are listed within the various asset management plans. The budget for the 2014/15 year of £16.598m. The net capital financing requirement in the year is £10.306m.

6.3 Overall, the General Services capital programme is expected to record an underspend of £9.899m against the gross budget. This is a movement of £423k from the £9.476m underspend previously reported to this committee

6.4 The significant projects that contribute to the underspend position are detailed in Table 3 below and comments are also recorded in Appendix C:

Table 3 General Services capital budget variances

Project	Variance (£000)	Comments
Alva Glen Hotel	(897)	Project not progressing. Paper to Council 23 rd October 2014.
2 year old school development	(331)	Option appraisals being developed to meet the requirements of the Children and Young Peoples (Scotland) Act
Redwell School	(4,000)	Unanticipated additional SFT Grant Income
B9140 (Realignment of Bends)	(575)	Feasibility of project in current form being reviewed due to substantial proposed increase in charges from third party.
The Orchard Conversion	(372)	Report to HH&C 21 st August. Building to be demolished.
Cemeteries Strategies	(200)	Delay in the handover from developer
Fibre Optic installation Tullibody.	(200)	Scoping of project underway. Estimated delivery April to June 2015
MCB	(1,890)	Project planning on-going. Settlement areas being identified and work plans progressing.
Alloa Town Centre Regeneration – Speirs Centre	200	Overspend primarily attributable to late variation to contract associated with registrars move and need to accommodate temporary library arrangements. Internal Audit and the Capital Investment Group have been asked to conduct reviews of project management systems in relation to major capital projects.
Community Development Grant	(145)	Outturn reflects current uptake.
Kelliebank	65	Additional £300K spend approved by Council 23 rd October. Due to contractual procurement

Project	Variance (£000)	Comments
		processes majority of work now unlikely to progress until next financial year.
TOTAL	(9,899)	Projected underspend on General Services Capital programme

Housing Revenue Account

- 6.5 Appendix D to this paper details the HRA capital programme for the current year where individual projects are listed within the various asset management plans.
- 6.6 Overall, the HRA capital programme is expected to record an underspend £3.016M against the approved budget of £9.352M.

Table 4 HRA capital budget variances

Project	Variance (£000)	Comments
Damp Rot	(150)	Delay in start of programme
Windows and Doors	(230)	Delay in commencement of windows contract.
Electrical Rewiring	(178)	Electrical Rewiring testing programme has progressed slower than expected
Door Entry Programme	(220)	Consultation has taken place - delay in getting design signed off, spend will now happen in March to May.
Hallpark	85	Change of specification of energy meters by client.
Fairfield	(1,086)	Programme delayed due to change in specification
Management system	(181)	Ongoing work Vanguard and Northgate continuing into new year
Council House Sales	(249)	Additional sales predicted
TOTAL	(3,016)	Projected underspend on HRA Capital programme

7.0 Conclusions

- 7.1 General Services revenue spend is anticipated to record an underspend of £1.207m in the year.

- 7.2 There is good progress in delivering the approved savings of £4.222m.
- 7.3 The Housing Revenue Account is anticipating an underspend of £0.691m as a result of ongoing service reconfiguration.
- 7.4 The current review of the capital programme indicates that underspends (and savings) of £9.899m on General Services Capital and the specific projects involved are detailed within the report.
- 7.5 The HRA Capital Programme is projected to underspend by £3.016m.

8.0 Sustainability Implications

8.1 None

9.0 Resource Implications

9.1 Financial Details

9.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

9.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

9.4 Staffing

9.5 None

10.0 Exempt Reports

10.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

11.0 Declarations

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

(1) **Our Priorities** (Please double click on the check box)

- 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)

12.0 Equalities Impact

12.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? Yes

No

13.0 Legality

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

14.0 Appendices

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

Appendix A Council summary of expenditure

Appendix B HRA Revenues

Appendix C General Services Capital

Appendix D HRA Capital

15.0 Background Papers

15.1 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

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Ashley MacGregor	Management Accountancy Team Leader	2058

Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	
Nikki Bridle	Depute Chief Executive	

	Annual Budget 2014/15	Jan '15 Outturn	JANUARY '15 Variance Outturn V Budget
Service			
Support Services	7,121	7,187	66
Strategy and Customer Services	6,461	6,080	(381)
	13,581	13,267	(315)
	(1,392)	(1,547)	(155)
	12,189	11,720	(470)
Facilities Management	24,829	23,424	(1,405)
Social Policy	27,184	28,349	1,165
Education	34,973	34,567	(406)
Housing	2,499	2,148	(351)
Community and Regulatory	5,283	5,076	(206)
PCU	(661)	0	661
Corporate Adjustments	894	658	(236)
Misc Services - Non Distributed Cost:	1,610	1,487	(123)
Service Expenditure	108,799	107,429	(1,371)
Add Requisitions from Joint Boards			
Central Scotland Valuation	394	394	0
	109,193	107,823	(1,371)
Add / (Deduct)			
Interest on Revenue Balances	(287)	(75)	212
Loan Charges	9,498	9,498	0
Contribution to Bad Debt Provision	200	200	0
Contribution to Spend to Save Fund	100	100	0
	118,704	117,546	(1,159)
Sources of funding			
General Revenue Funding/Non-Dom	(92,306)	(92,651)	(345)
Council Tax	(18,463)	(18,511)	(48)
Council Tax Reduction Scheme	(3,501)	(3,526)	(25)
Contribution From Reserves	(2,721)	(2,351)	370
Application of unapplied capital	(1,714)	(1,714)	0
Contribution from Ear marked reserve	0	0	0
	(118,705)	(118,753)	(48)
Projected (Surplus) / Shortfall	(0)	(1,207)	(1,207)

HRA Budget v Outturn
As at January 2015

Appendix B

	Budget 14-15	Outturn 14-15	Variance 14-15
	£'000	£'000	£'000

This financial year sees the inclusion of the Property Contracts Unit within the Housing and Community Safety Service. At present work has established the 2014/15 budget for Property Contracts taking account of the costs that will be charged to HRA Capital, Housing General Fund, General Services, Capital and general Services Property Maintenance. For this January Outturn it has been assumed that the net costs of the PCU will produce a saving within the appropriate Repairs and Maintenance Budgets

The Service has the ambition to become one of Scotland's leading providers of local authority housing. To help achieve this Vanguard consultants have been engaged as part of the housing business management system improvement project to work with staff to redesign work. The aim is to transform the service by involving people in the organisation in the redesign of the process.

Housing Revenue Account	(4,075)	(4,766)	(691)
Repairs & Maintenance :-			
Private Contractors - Virement of budget for cleaning of Voids not required at same level.	410	364	(46)
Void Houses - Pro rata costs of the Property Contracts January Outturn	1,201	1,208	7
General Maintenance - Pro rata costs of the Property Contracts January Outturn	2,219	2,163	(56)
Cyclical Maintenance - Pro rata costs of the Property Contracts January Outturn	740	724	(16)
Gas Contract - Pro rata costs of the Property Contracts January Outturn	481	471	(10)
Minor Social Work Repairs	43	42	(1)
Repairs & Maintenance Total	5,094	4,953	(140)
<u>Supervision & Management</u>			
Service Management	1,423	1,349	(74)
Reduction in Central Supports Services Recharges of £98k and Other Council Accounts of £20k offset by expenditure on Supplies and Services of £45k.			
Tenancy & Estate Management	854	789	(64)
Saving from 35 Hour Week reduction.			
Housing Business Management	339	364	25
The £36k cost of Vanguard Consultants have now being coded to revenue from Capital. This will be off set by a reduced CFCR contribution. This cost is being offset by a £12k saving from reducing to 35 hours the working week.			

HRA Budget v Outturn
As at January 2015

Appendix B

	Budget 14-15	Outturn 14-15	Variance 14-15
	£'000	£'000	£'000
Housing Options	484	463	(21)
Saving from Superannuation Reduction.			
HRA General Staffing	308	144	(163)
Vacancies of £94k pending completion of restructuring, £36k miscellaneous and £33k staff training.			
Investment Team & Staffing Recharges	406	334	(72)
Current Staff vacancies £73k and reduced charges from Other Council Accounts £13k. These are offset by transport costs and Supplies and Services expenditure.			
Community Engagement	51	15	(36)
Savings forecast in payments to voluntary organisations £6k and contractors £34k off set by training costs and supplies and services			
Supervision & Management Total	<u>3,864</u>	<u>3,458</u>	<u>(406)</u>
Capital Financing Costs			
Reduced Costs based on updated Capital Programme.			
Capital Financing Costs Total	<u>3,052</u>	<u>2,948</u>	<u>(104)</u>
Other Expenses			
Tenancy Overheads :-			
Energy Costs	12	9	(3)
Void Rent Loss	427	477	50
Voids projected in line with current level overspend reduced by £26k from October.			
Council Tax	12	12	0
Bad Debt Provision	290	272	(18)
Provision has increased by £70k from previously. This is as a result of increased levels of debt for both former and current arrears together with a rise in Housing Benefit overpayments both current and former.			
Property Insurance	206	191	(15)
Reduced allocation of premium in line with last years costs.			
Tenancy Overheads Total	<u>947</u>	<u>973</u>	<u>26</u>
Garden Aid Scheme			
No provision now made for charge from Land Services for extra work.			
Garden Aid Scheme Total	<u>147</u>	<u>97</u>	<u>(50)</u>
Special Uplifts			
Outturn based on current costs that ar going through the ledger.			
Special Uplifts Total	<u>110</u>	<u>118</u>	<u>8</u>
Pest Control			
Outturn based on current costs that ar going through the ledger.			
Pest Control Total	<u>13</u>	<u>21</u>	<u>8</u>
Insurance Claims			

HRA Budget v Outturn
As at January 2015

Appendix B

	Budget 14-15	Outturn 14-15	Variance 14-15
	£'000	£'000	£'000
Insurance Claims Total	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURE	<u>13,226</u>	<u>12,568</u>	<u>(657)</u>

HRA Budget v Outturn
As at January 2015

Appendix B

	Budget 14-15 £'000	Outturn 14-15 £'000	Variance 14-15 £'000
Income			
Rents - Housing Outturn based on information from Revenues on level of Weekly Rents			
Rents - Housing Total	<u>(17,201)</u>	<u>(17,234)</u>	<u>(33)</u>
Rents - general (Garage and Ground Sites) Out-turn in line with last two years actuals			
Rents - general Total	<u>(46)</u>	<u>(57)</u>	<u>(11)</u>
Legal Fees			
Legal Fees Total	<u>0</u>	<u>(0)</u>	<u>(0)</u>
Interest (Revenue Balances)			
Reduced interest rate being paid on HRA Reserves			
Interest (Revenue Balances) Total	<u>(53)</u>	<u>(43)</u>	<u>10</u>
TOTAL INCOME	<u>(17,300)</u>	<u>(17,334)</u>	<u>(34)</u>
NET EXPENDITURE	<u>(4,075)</u>	<u>(4,766)</u>	<u>(691)</u>

General Services Capital Programme Budget 2014/15 Appendix C	Net Budget 2014/15	Projected Out-turn 31.03.15	Variance Budget v Projected	Comments	Savings in 14/15	C/fwd to 15/16	Total underspend / overspend
Service / Project Name	£	£	£		£	£	£
Property Asset Management Plan							
3-12 School Development	834,300	834,300	0	Fully committed and will be spent in 2014/15.			
Free School Meal Equipment	140,000	89,000	(51,000)	Fully committed in 2014/15. Works to be completed early in 15-16 to increase capacity at CPU to meet increased demands		(51,000)	(51,000)
2yr Old School Development	476,430	145,000	(331,430)	Option Appraisals being undertaken to meet the requirements of the Children and Young People (Scotland) Act 2014 to provide early learning and childcare to additional 2 year olds. A detailed capital bid is being prepared for approval which will include the additional £453K funding allocated by Scottish Government for 2015-16. Clackmannan, Banchory and Tillicoultry have been completed.		(331,430)	(331,430)
Alva Autism Unit	88,660	86,660	(2,000)	Professional works to finalise project will be undertaken in 15/16.		(2,000)	(2,000)
Alloa Town Centre Regeneration: Speirs Centre	816,030	1,016,030	200,000	Overspend primarily attributable to late variation to contract associated with registrars move and need to accommodate temporary library arrangements over period of project. Project Management Systems in relation to major capital projects are currently being reviewed by Internal Audit and the Capital Investment Group.	200,000		200,000
Redwell	2,214,500	(1,785,500)	(4,000,000)	Unanticipated additional Grant from SFT for Redwell in February 2015.	(4,000,000)		(4,000,000)
Tillicoultry Asset Plan: Conversion of family centre to community hub	0	18,620	18,620	Underaccrued for final payment due in 2013/14.	18,620		18,620
Tillicoultry Asset Plan: Redevelop existing CAP/Library to housing	10,620	53,920	43,300	Original Budget of £150K for overall contract did not include fees and design costs.	43,300		43,300
Property Asset Management Improvements - Kilncraigs	90,660	174,226	83,566	Original budget of £250K for Kilncraigs additional works. Door Entry System and further unexpected works required.	83,566		83,566
Property Asset Management Improvements - Kelliebank	203,690	268,690	65,000	Additional £300K approved by Council. Contract for mechanical and electrical works required. Contracts have been awarded Jan 2015 with works to be completed April/May 2015. Internal refurbishment to be undertaken by PCU after M&E complete. Carry forward of £235K required in 15/16.	300,000	(235,000)	65,000
Village / Town Centre Initiative (Phase 1: Sauchie)	263,540	163,540	(100,000)	Completion of road and environmental works expected to be in 2014/15. Initiatives ongoing- underspend c/fwd to 15/16.		(100,000)	(100,000)
Village and Small Towns Initiative Phase 2	250,000	20,000	(230,000)	As per Programme Brief for Village and Small Town Centre Initiatives, It is anticipated that there will be only £20K for preparatory work being mainly fees in 2014/15.		(230,000)	(230,000)
CCTV	57,760	0	(57,760)	No planned expenditure on new CCTV equipment in 2014/15. Forth Valley CCTV Partnership ends on 31st March 2015.	(57,760)		(57,760)
Heritage Centre Improvements	261,160	(110,510)	(371,670)	Grant income received from Forestry Commission. Full works not completed as detail of the brief not yet available combined with delay in reallocating the work following the retiral of the project co-ordinator. Carry forward to 15/16 required.		(371,670)	(371,670)
The Orchard Conversion	372,000	0	(372,000)	This project is no longer going ahead as per approved housing business plan presented to Housing, Health & Care Committee 30th Oct 2014	(372,000)		(372,000)
Alva Glen Hotel	897,000	0	(897,000)	This project is no longer going ahead as per approved housing business plan presented to Housing, Health & Care Committee 30th Oct 2014	(897,000)		(897,000)
Demolition of Tillicoultry community centre	99,010	105,000	5,990	Higher costs than originally expected due to the discovery of under ground ducts on the site containing asbestos lagged pipes.	5,990		5,990

General Services Capital Programme Budget 2014/15 Appendix C	Net Budget 2014/15	Projected Out-turn 31.03.15	Variance Budget v Projected	Comments	Savings in 14/15	C/fwd to 15/16	Total underspend / overspend
Service / Project Name	£	£	£		£	£	£
Clearing of Claremont Site	120,000	0	(120,000)	Awaiting advice from Legal to confirm if work is required. Carry forward to 15/16		(120,000)	(120,000)
MCB - Tullibody	18,000	0	(18,000)	No anticipated spend in 2014/15. All capital works will be included in the Community Hub proposals.	(18,000)		(18,000)
Alloa Town Hall	140,000	75,000	(65,000)	Awaiting confirmation from Historic Scotland for approval of proposed flue size and route for heating upgrade.		(65,000)	(65,000)
Football Pitch & Running Track	19,650	19,650	0	Final account in dispute with contractor.		0	0
Property Asset Management Plan Total	7,373,010	1,173,626	(6,199,384)		(4,693,284)	(1,506,100)	(6,199,384)
Roads Asset Management Plan							
Bridge Strengthening	50,000	20,000	(30,000)	Term Contractor unable to complete this financial year. Specific works require to be retendered seperately and therefore will not be completed until 2015-16.		(30,000)	(30,000)
Flood Prevention	100,000	100,000	0	Projected on budget			
Road & Footway Improvements (SRMCS), including town centres	1,650,000	1,650,000	0	Fully committed. Projected on budget			
Accident Prevention, CWSS, Traffic management	222,000	222,000	0	Total works to be completed in 2014/15 £471K. Grant funding from Scottish Government and Sustran totalling £249K.			
National Cycle Route	200,000	200,000	0	Projected on budget			
Street Lighting	830,000	830,000	0	Projected on budget			
B9140 Realignment of Bends	600,000	25,000	(575,000)	Site investigations along the proposed realignment have identified areas of soft ground which might be worsened by exposure to winter weather. Works were rescheduled to commence in May 2015 but due to a third party substantially revising their original quote for diversionary works an alternative design is being investigated to minimise these costs. Refund expected for prepaid works.		(575,000)	(575,000)
Tullibody - Install Table at TronCourt	20,000	0	(20,000)	Works have been delayed until 2015-16 due to the larger project for Tron Court area which is at consultation stage with Tillibody Community.		(20,000)	(20,000)
Roads Asset Management Plan Total	3,672,000	3,047,000	(625,000)		0	(625,000)	(625,000)
Land Asset Management Plan							
Black Devon Landfill Gas Collection & Treatment Project	10,000	3,128	(6,872)	Retention only Paid January 2015	(6,872)		(6,872)
Cemeteries Strategy	200,000	0	(200,000)	Delay in the handover from developer of the grounds for the Dollar cemetery until their works are complete. Infrastructure works anticipated to commence in May 2015.		(200,000)	(200,000)
Parks, Play Areas & Open Spaces	50,000	50,000	0	Projected to be on budget			0
Landscape Partnership - conserve Ochills / Hillfoots	6,800	6,800	0	Projected to be on budget			0
Wheeled/Litter Bins / Strategic Waste Fund	30,000	18,500	(11,500)	Purchase of bins deferred due to proposed 3-weekly collection		(11,500)	(11,500)
Streetscape Programme	216,740	116,740	(100,000)	Works reprofiled to best fit with small towns and villages town centre initiative. Savings on anticipated costings for works in 2014-15	(100,000)		(100,000)
Drainage	80,930	20,930	(60,000)	Due to nature of works drainage needs to settle before 2nd stage completed. Works to be completed in 15-16	(10,000)	(50,000)	(60,000)
Bowmar Area Enhancements	50,000	600	(49,400)	Preliminary project works commencing in 2014/15, to be completed in 2015/16		(49,400)	(49,400)
Land Asset Management Plan Total	644,470	216,698	(427,772)		(116,872)	(310,900)	(427,772)

General Services Capital Programme Budget 2014/15 Appendix C	Net Budget 2014/15	Projected Out-turn 31.03.15	Variance Budget v Projected	Comments	Savings in 14/15	C/fwd to 15/16	Total underspend / overspend
Service / Project Name	£	£	£		£	£	£
Fleet Asset Management Plan							
Vehicle Replacement Programme	1,349,650	1,076,206	(273,444)	Awaiting a new Scotland Excel framework for Grounds Maintenance Machinery. Decision on Service redesign pending will affect choice of streetcare equipment. Roads Equipment purchase pending and will not be delivered until 2015-16	(1,444)	(272,000)	(273,444)
Fleet Asset Management Plan Total	1,349,650	1,076,206	(273,444)		(1,444)	(272,000)	(273,444)
IT Asset Management Plan							
IT Services	200,520	200,520	0	Fully committed and will be spent in 2014/15.			0
Additional IT funding for major core systems	31,520	46,558	15,038	Final Implementation costs of I-Trent	15,038		15,038
Network Infrastructure	360,000	160,000	(200,000)	Fibre Optic installation Tullibody - Works to be re-profiled to align with Community Hub proposals.		(200,000)	(200,000)
Servers & Storage	18,000	18,000	0	Rolling programme to replace end of life hardware			0
Security Systems	15,000	15,000	0	Replacement of remote access solution			0
Telephony (Provision of telephony services)	5,000	5,000	0	Provision of IP telephones and associated systems. All council offices now using IP telephones			0
Schools (maintenance & upgrade)	260,000	260,000	0	ICT fit out of Redwell School; provision of upgraded infrastructure and computers in 3 secondary schools			0
Desktop Replacement Programme	30,000	30,000	0	Rolling replacement of workstations in council offices in line with ICT Asset plan.			0
Software (replacements & upgrades)	50,000	50,000	0	Upgrade of servers to Microsoft 2012. Upgrade of EDRMS			0
Business Continuity	60,000	60,000	0	Replacement backup solution being installed Q4			0
Contingency (essential replacement)	14,000	14,000	0	Replacement of broken fibre			0
Social Work Integrated System	50,000	0	(50,000)	Work anticipated in 2015-16 pending Shared Service business case		(50,000)	(50,000)
Finance Services - New financial system	0	18,000	18,000	Budgeted to commence in 15-16. Preparation works required in 2014-15. Project manager employed from 27th November 2014	18,000		18,000
Telecare	75,000	54,000	(21,000)	Regular replacement and provision of devices in client homes	(21,000)		(21,000)
Welfare Reform Implementation	100,000	0	(100,000)	Works completed from revenue	(100,000)		(100,000)
Digital Broadband	200,000	200,000	0	National Project which is directly funded from the general capital grant		0	0
IT Asset Management Plan Total	1,469,040	1,131,078	(337,962)		(87,962)	(250,000)	(337,962)
Corporate Asset Management Plan							
Making Clackmannanshire Better	1,890,000	0	(1,890,000)	Business transformation & Settlements reviews ongoing.	(1,890,000)		(1,890,000)
Community Grants	200,000	54,160	(145,840)	Projected with committed spend for 2014-15.	(145,840)		(145,840)
Corporate Asset Management Plan Total	2,090,000	54,160	(2,035,840)		(2,035,840)	0	(2,035,840)
Total Capital Programme	16,598,170	6,698,768	(9,899,402)		(6,935,402)	(2,964,000)	(9,899,402)
General Capital Grant							
General Capital Grant	(6,292,430)	(6,292,430)	0				0
Total Capital Programme	10,305,740	406,338	(9,899,402)		(6,935,402)	(2,964,000)	(9,899,402)

Housing Capital Programme 2014/15: Appendix D	14-15 Budget Expenditure	14-15 Budget Income	14-15 Net Budget	Projected Outturn 31.05.14	Variance Budget v Projected	Comment	Carry Forward to 2015/16
SCOTTISH HOUSING QUALITY STANDARD							
TACKLING SERIOUS DISREPAIR							
PRIMARY BUILDING ELEMENTS							
Structural Works	150,000	0	150,000	100,000	(50,000)	The testing and removal programmes during the bathrooms and central heating programmes in respect of Asbestos in Council Houses has found and subsequently removed less Asbestos than expected.	50,000
SECONDARY BUILDING ELEMENTS							
Damp/Rot	200,000	0	200,000	50,000	(150,000)	The new contract will not be signed until after the budget as it will be for a four year term. The resulting delay has necessitated the requirement for the carry forward of the underspend.	150,000
Roofs / Rainwater / External Walls	759,000	0	759,000	380,000	(379,000)	The current 2011-15 programme has been delayed by the recent low temperatures, while the new 2014-17 programme will not be in place until after the 1st April. This has resulted in the need for the carry forward.	379,000
Window & Doors - External Doors	300,000	0	300,000	70,000	(230,000)	This project is progressing by using the LHC (Local Housing Company) programme procurement basis. Tenders due end of February with start on site scheduled for the start of next financial year. Delay has resulted in requirement for carry forward.	230,000
ENERGY EFFICIENCY							
Full/Efficient Central Heating	1,476,690	0	1,476,690	1,346,790	(129,900)	The Bowmar CESP contract has now entered the Latent Defects stage. The Council will instruct the remedial action to be carried out and then take legal action to recover some or all of these costs. The budget is required to be carried forward to pay for the costs in the first instance.	187,900
MODERN FACILITIES & SERVICES							
Kitchen Renewal	157,000	0	157,000	157,000	0	36 Kitchens instructed to PCU this year. Costs now through the ledger up to the end of January.	

Housing Capital Programme 2014/15: Appendix D	14-15 Budget Expenditure	14-15 Budget Income	14-15 Net Budget	Projected Outturn 31.05.14	Variance Budget v Projected	Comment	Carry Forward to 2015/16
Bathrooms	2,450,000	0	2,450,000	2,615,631	165,631	Bathroom replacement continuing Mitie and PCU on site. Looking to accelerate work on bathrooms for Mitie to allow programme to be finished earlier than originally scheduled. This has resulted in bathrooms being finished quicker and cheaper than programme for future years.	
HEALTHY, SAFE & SECURE							
Safe Electrical Systems/ CO Detectors	774,350	0	774,350	595,890	(178,460)	2010-12 Electrical rewiring programme has finished with an underspend. The 2013-17 Rewiring contract has started with 200 houses instructed. The current Electrical Testing contract has been terminated due to poor performance. This has resulted in a need for the carry forward to finish the testing.	178,000
Communal Areas (Environmentals)	440,000	0	440,000	220,000	(220,000)	There has been delays in the Door Entry systems in getting the designs signed off and with the manufacture of the doors. The spend is now scheduled to take place during March to May.	220,000
NON-SHS ELEMENTS PARTICULAR NEEDS HOUSING (CITC)							
Conversions & Upgradings	360,000	0	360,000	253,110	(106,890)	The demolition of the Orchard project has been delayed with the resulted requirement of the carry forward. The miscellaneous conversions and upgradings budget is being examined at the minute with a possible carry forward if special project delayed.	105,000
Disabled Adaptations	50,000	0	50,000	93,800	43,800	PCU currently working on programme. This programme is operated on a demand led basis.	
Water Supply Pipe Replacement	10,000	0	10,000	10,000	0	This budget is for reactive works and should cover work for up to three properties. If no work instructed before end of year budget will underspend.	
Demolitions	0	0	0	4,334	4,334		

Housing Capital Programme 2014/15: Appendix D	14-15 Budget Expenditure	14-15 Budget Income	14-15 Net Budget	Projected Outturn 31.05.14	Variance Budget v Projected	Comment	Carry Forward to 2015/16
Environmental & Footpath Improvement/Feasibility Work	542,000	0	542,000	495,000	(47,000)	Delay in starting of rendering at Sauchie Main Street has resulted in need for carry forward of underspend.	47,000
	962,000	0	962,000	856,244	(105,756)		
Council New Build Housing (Transforming Communities)							
New Build Alva/Tullibody - Complete	60,000	0	60,000	98,180	38,180	Final Account now agreed following negotiations with contractor over additional costs incurred.	
Hallpark New Build	389,000	(215,000)	174,000	259,820	85,820	Project completed and handover now actioned with retention due in 2015-16. Overspend is due to a change in the specification for energy meters requested by client.	
Fairfield New Build	1,800,000	(714,000)	1,086,000	0	(1,086,000)	The project has been delayed as a result of design requirements. HubCo costs of £250,000 projectd this year with balance of expenditure requiring to be carried forward. Grant due this year will all be claimed.	1,086,000
Tillicoultry Community Centre Phase 1a	0	0	0	0	0	Grant received from Scottish Government for 17 properties at £46k per property. Net grant left after transfer costs of sit to be placed in a Capital Grants Unapplied Account to fund future costs of project.	
Off The Shelf Purchase	1,361,000	(450,000)	911,000	728,670	(182,330)	The purchase of 13 properties have been agreed with a further 6 purchases potentially taking place before the end of the year. Some of the underspend will require to be carried forward to fund the refurbishment as the properties were purchased later in the year.	125,000
Off The Shelf Refurbishment	64,000	0	64,000	56,000	(8,000)		
Council New Build Housing (Transforming Communities)	3,674,000	(1,379,000)	2,295,000	1,142,670	(1,152,330)		
Other Costs / Housing Business Management System	225,000	0	225,000	44,050	(180,950)	Work undertaken by Northgate, Vanguard work now transferred to Revenue. Balance of underspend required to be carried forward to fund remaining workstreams.	145,425
TOTAL CAPITAL EXPENDITURE	11,568,040	(1,379,000)	10,189,040	7,578,275	(2,610,765)		2,903,325
SALE OF COUNCIL PROPERTY	0	(680,000)	(680,000)	(928,720)	(248,720)		
Use of SIMCO Funding			(156,690)	(156,690)	(156,690)		156,000
NET EXPENDITURE	11,568,040	(2,215,690)	9,352,350	6,492,875	(3,016,175)		3,059,325

Report to Resources & Audit Committee

Date of Meeting: 30 April 2015

Subject: Annual Governance Statement 2014-15 Progress Report

Report by: Governance Manager

1.0 Purpose

1.1 The purpose of the report is advise the Committee of :-

- i. progress in relation to the production of the Annual Governance Statement for the period 2014-15
- ii. the monitoring arrangements for Governance Improvement Plans

2.0 Recommendations

2.1 It is recommended that the Committee;

- i. notes the progress made in relation to the assurance process to inform the Annual Governance Statement 2014-15 ;
- ii. notes the process for the production of the Annual Governance Statement 2014-15

3.0 Background

3.1 In accordance with the Council's Governance Assurance Process, Services require to submit evidence to verify that appropriate and adequate internal controls are in place within their respective areas to improve the effectiveness of the Council's governance framework. The evidence is subject to preliminary review and challenge by the Governance Panel and Internal Audit with initial observations fed back to the Services prior to the full challenge sessions.

3.2 Governance Panel Sessions have been scheduled for each Service throughout April 2015. The output from these challenge sessions will inform the Improvement Plans for each Service and identify emerging corporate risks

or any areas for improvement in relation to the Council's governance arrangements.

- 3.3 There is a significant amount of corporate evidence to support and evidence our internal controls and governance framework. This year we have collated this into a single database which is maintained by Internal Audit and which has now been inventoried and cross referenced in terms of the key elements of the Governance Strategy and the requirements for CIPFA assessment. As these documents have been collated and verified by Internal Audit the inventory can be taken as evidence at face value for evidential purposes.

4.0 Assurance Process

- 4.1 Certificates of Assurance will be obtained from Heads of Service and Directors.
- 4.2 Heads of Service and Directors will give assurance as regards their internal financial controls to the Depute Chief Executive in her capacity as the Council's Section 95 Officer.
- 4.3 The section 95 Officer shall provide the Chief Executive assurance as regards the internal financial controls within the organisation.
- 4.4 Assurances as regards all internal controls will be given by the Heads of Service to the Chief Executive to enable her to sign the AGS with the Leader of the Administration. The documentation will be amended to ensure that Chief Officers have the scope to offer commentary about governance issues in their services and the progress that they aim to make in improving governance that will be fed into their business plans
- 4.5 This amended assurance process will demonstrate clear lines of accountability within the organisation about the effectiveness of our governance arrangements.

5.0 Annual Governance Statement 2014-15

- 5.1 The draft Annual Governance Statement will be submitted to the Resources and Audit Committee in June prior to submission to Council with the final accounts.
- 5.2 The Council's corporate risk register will be updated to reflect any corporate risks identified from the assurance process.
- 5.3 A Statement of Preparedness will be presented to Council as an Appendix to the Annual Governance Statement

6.0 Monitoring progress of improvement plans

- 6.1 Progress in respect of government improvement plans shall be reported to the Chief Executive through her corporate management team on a quarterly basis.
- 6.2 Progress in respect of the service specific improvement plans will be reported to their respective committees on a quarterly basis as part of the existing performance reporting regime.
- 6.3 Progress in relation to corporate improvements will be reported to Resources and Audit Committee on a 6 monthly basis. This will enable any governance issues or risks emerging from the services, which may have a wider impact, to be included in the report, providing the Resources and Audit Committee with a more comprehensive overview of our governance arrangements.

7.0 Further Proposed Improvements to the Governance Assurance Process

- 7.1 A key element of our Governance Strategy is review and evaluation. As such work has been undertaken to identify areas where the assurance process can be improved. In carrying out that review it is apparent that there is some duplication in terms of the assessment undertaken by Strategy & Customer Services as part of CIM (Clackmannanshire Improvement Model) self assessments. It is proposed that going forward further work is undertaken to combine these process and create a single assessment model which satisfies the requirements of both processes and avoids duplication of effort on the part of officers.
- 7.2 It is also proposed that governance improvement actions should be incorporated into the respective Business Plans for each service. At present the timing of the assurance process does not lend itself to shaping and influencing business plan formulation. It is proposed that the timeline for the assurance process be changed . Under the new timetable evidence gathering and evaluation will take place in the third quarter of the financial year enabling better informed budget planning and allowing for budget decision and governance improvement actions to be properly reflected in the Business Plan and associated team and individual plans.
- 7.3 Progress against the identified governance improvement actions and controls will then be reviewed and challenged in a more focussed manner in March/April to enable Certificates of Assurance to be given to the Chief Executive and Section 95 Officer and the AGS for 2015-16 to be produced.

8.0 Conclusions

- 8.1 Preparations for the Annual Governance Statement 2014-15 are underway and progressing within timescale.

9.0 Sustainability Implications

- 9.1 There are no sustainability implications arising directly from this report.

10.0 Resource Implication

10.1 There are no financial implications arising directly from this report.

11.0 Exempt Reports

11.1 Is this report exempt? Yes (please detail the reasons for exemption below) No ✓

12.0 Declarations

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

(1) **Our Priorities** (Please double click on the check box)

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

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

13.0 Equalities Impact

13.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ✓ No

14.0 Legality

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

15.0 Appendices

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

None.

16.0 Background Papers



16.1 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

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lisa Simpson	Governance Manager	Ex 2084

Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources & Governance	
Nikki Bridle	Depute Chief Executive	

Report to Resources and Audit Committee

Date of Meeting: 30 April 2015

Subject: Internal Audit and Fraud Annual Report

Report by: Internal Audit and Fraud Team Leader

1.0 Purpose

- 1.1. This report provides the annual Internal Audit opinion on the Council's internal control environment as required by Clackmannanshire Council Financial Regulations and Performance Standard 2450 of the Public Sector Internal Audit Standards (PSIAS). The report also outlines internal audit and counter fraud work undertaken in the year which presents the progress made by the Internal Audit and Fraud Team.
- 1.2. A "reasonable" assurance opinion has been provided in the report which has been arrived at following consideration of audit work carried out in line with the annual plan and other sources of assurance including progress on audit recommendations and Internal Audit and Fraud team involvement in Annual Governance Statement Assurance processes. We previously provided "reasonable" assurance for 2013/14.
- 1.3. In line with best practice the report will be used by Clackmannanshire Council to inform its Annual Governance Statement.

2.0 Recommendations

- 2.1. The Committee is asked to note, comment on and challenge the report and the opinion contained within.

3.0 Considerations

- 3.1. It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system.
- 3.2. To form an opinion on the Council's control environment, Internal Audit prepares an Annual Plan which sets out the audits which will be completed during the financial year. The audits in this plan are selected with a view to determining whether the risks facing the key corporate and service objectives are being adequately managed and financial and non financial controls are operating

effectively. The 2014/15 Annual Internal Audit and Fraud Plan was recommended to full Council for approval by the Resources and Audit Committee on 11 March 2014.

4.0 Conclusion

4.1 This report provides the Internal Audit annual opinion on the operation of the Council's internal control environment. This year's assessment provides a "reasonable" assurance opinion. Further detail and the annual internal audit opinion are included in the attached report, which includes at Appendix B a definition of Assurance Assessments.

5.0 Sustainability Implications

5.1 There are no sustainability implications.

6.0 Resource Implications

6.1 *Financial Details:* Not applicable.

6.2 *Staffing:* Not applicable

7.0 Exempt Reports

7.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

8.0 Declarations

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

(1) **Our Priorities** (Please double click on the check box)

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

(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 1 - Internal Audit and Fraud Annual Report (which includes an appendix A on Internal Audits Completed in 2014/15 and appendix B defining Assurance Assessments)

12.0 Background Papers

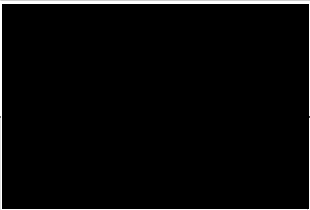
12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

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	
Nikki Bridle	Depute Chief Executive	



INTERNAL AUDIT AND FRAUD

ANNUAL REPORT

APRIL 2014 TO MARCH 2015

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1. INTRODUCTION

- 1.1 The purpose of this report is to provide an independent assurance statement on the effectiveness of the financial and non financial internal controls operating within Clackmannanshire Council in the period April 2014 to March 2015.
- 1.2 The provision of an Annual Report by the Internal Audit and Fraud Team Leader is required under the Council's Financial Regulations (s.24.2) and by Performance Standard 2450 of the Public Sector Internal Audit Standards (PSIAS). The purpose, authority and responsibility of Internal Audit is formally defined in the Internal Audit Charter which is appended to the Financial Regulations.
- 1.3 It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. PSIAS requires that the annual internal audit opinion must conclude on the overall effectiveness of the organisation's framework of governance, risk management and control in a report that incorporates;
- The opinion;
 - A summary of the work that supports the opinion; and
 - A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 1.4 This report has been prepared in line with the above requirements.

2. AUDIT OPINION

- 2.1 To form an opinion on the Council's control environment, Internal Audit prepares an Annual Plan which incorporates the audits to be completed during the financial year. The audits in this plan are selected with a view to determining whether the risks facing the key corporate and service objectives are being adequately managed and financial and non financial controls are operating.

Basis of Assurance

- 2.2 I am able to provide **reasonable** assurance upon the adequacy and effectiveness of Clackmannanshire Council's framework of governance, risk management and control in the year to 31 March 2015. A number of significant weaknesses were identified in relation to Information Governance- Document Management review. Also, while we provided overall reasonable assurance there were some significant issues raised in relation to absence figures reporting and to Housing Benefits overpayments. However I am satisfied that appropriate action has been identified by management to deal with issues.
- 2.3 This Audit Opinion has been compiled to be consistent with the format used for the Council's Annual Governance Statement. It therefore presents the opinion of the Council's Internal Audit Team Leader for consideration.
- 2.4 In forming my opinion on the Council's control environment, I have relied on different sources, including:
- The audit work undertaken by the Internal Audit and Fraud Team during the year to 31 March 2015,
 - Progress made by management in the implementation of Internal Audit recommendations,
 - Reports issued by the Council's external auditors, Deloitte LLP and other review agencies,
 - My involvement in the Annual Governance Statement assurance process led by the Governance Manager.
- 2.5 Internal Audit completed 17 reviews during 2014/15, with final or draft reports issued before the end of the financial year. I am content, therefore, that the breadth and depth of coverage is sufficient to allow me to provide a balanced opinion on the overall adequacy of the Council's control environment.

- 2.6 As Members are aware, Internal Audit use a set of Assurance Categories to provide an opinion on the adequacy of arrangements for risk management, governance, and control. A summary of these is set out at Appendix B.

Iain Burns

30 APRIL 2015

**Internal Audit and Fraud Team
Leader,
Clackmannanshire Council**

Date

3. OVERVIEW OF 2014-15

3.1 Internal Audit and Fraud's Annual Plan for 2014/15 was recommended to full Council for approval by the Resources and Audit Committee on 11 March 2014. The Plan comprised 17 audits together with time allocated for follow up work; input in to the Annual Governance Statement assurance process; contingency work; and the National Fraud Initiative. The Plan also included fraud detection and other fraud work. Further to this the Plan also included two audits (Valuation List Domestic Properties and Annual Assurance Report) for the Assessors which will be reported separately to the Valuation Joint Board. A total of 178 weeks were included within the Annual Plan.

Assurance

3.2 Of the 17 audits planned, all have been completed, with 8 draft and 9 final reports issued to management. These audits form the basis of the Internal Audit opinion. Details of internal audit activity undertaken during 2014-15 is summarised in Appendix A.

3.3 It should be noted that for the final reports issued to date, Internal Audit provided significant assurance for 3 reviews and reasonable assurance for 5. Significant assurance was provided for Social Housing Charter, Housing Allocations Policy and Treasury Management. Reasonable assurance was provided for Absence Management, Health and Safety, Adult Care- Commissioning of Care, Housing Benefit and Council Tax Reduction Scheme and Budget Management and Monitoring. Limited assurance was provided for Information Governance- Document Management and appropriate action has been identified by management to deal with issues. For the 8 draft reports issued there are no matters arising that would affect the overall assurance opinion provided.

3.4 During the year progress on implementation of agreed recommendations from previous reviews was followed up on a quarterly basis. Progress has been made on implementing and addressing recommendations from previous reports. Within Action Plans from previous Internal Audit Reports, there were 9 recommendations arising from 10 reports which were still in progress of implementation by 31 March 2015. Over the year 68 recommendations have been implemented, with 21 no longer applicable. Recommendations are considered no longer applicable if they cover issues that have either been superseded by other events and are therefore dropped (1 in total) or have been carried forward in reviews as part of the 2014/15 plan (20 in total). Target dates for implementation of agreed management action

are now included within Covalent and will be included in 2015/16 service performance reporting.

Contingency

- 3.5 The internal audit and fraud plan includes contingency time to undertake reactive and audit advice work. This work is commissioned by management in response to specific concerns or circumstances. This work does not result in formal reports. In 2014/15 work undertaken has included providing advice on criminal justice unpaid work squads, spot checks on child care imprests, providing assurance on Equal Pay Settlements and providing assistance with reconciliation of childcare aftercare accounts.

Governance

- 3.6 The Internal Audit and Fraud Team have contributed to the Annual Governance Statement assurance process through reviewing service action plans. Further to this the Internal Audit and Fraud Team Leader sat on various Governance Panels which involved contributing to reviewing and challenging evidence provided by services in support of their assurance statements.

Fraud

- 3.7 The National Fraud Initiative 2012/13 (NFI) commenced in the second quarter of 2012/13 with data being exported to Audit Scotland between October and December 2012. Matches were made available in February 2013. The data matching identified 1,645 matches of which 1,469 were rated as high and medium risk. An early decision was taken to investigate all matches issued. Of the 1645 matches identified, all have now been investigated and closed. This resulted in 13 housing benefit frauds being identified amounting to £91,727.11 and 3 creditor errors identified totalling £9510.74. These monies include an estimated figure of £9906.00 which represents weekly reduction of benefits savings. The balances are in the process of being recovered.
- 3.8 Fraud detection and recovery has involved the Internal Audit and Fraud Team examining over 152 cases of suspected fraud in relation to Housing Benefit and Council Tax. Of the new referrals, 44 cases were rejected for full investigation for varying reasons e.g. cost / benefit of conducting a full investigation, age / health of suspect etc. 92 cases have been closed to 31 March 2014 with 65 live cases at that date. The value of the fraud uncovered is £130,847 (2013/14 - £133,742). Most

cases result in repayment however there have been 8 cautions issued, 16 administrative penalties and 11 prosecutions. This total of 35 compares with 41 from the previous year.

- 3.9 The Internal Audit and Fraud Team have identified a small number of high value fraudulent benefit claims and where the amount of falsely claimed benefit exceeds £30,000. In such cases the normal course of action is to sanction the perpetrator and in common with the Department For Works and Pensions policies, cases of such value are referred for consideration under the proceeds of crime act with a view to obtaining a confiscation order and asset recovery. These frauds involve not only council funds, but the wider public purse. Any action taken under proceeds of crime legislation is pursued by the Crown Office. The audit and fraud team have also assisted with internal investigations and continue to promote their specialist skills and knowledge to the wider council.

4. QUALITY ASSURANCE AND PERFORMANCE

- 4.1 All Local Authority Internal Audit teams are required to operate in accordance with the Public Sector Internal Audit Standards (PSIAS). The PSIAS formalise standards to be achieved in relation to, for example, independence, staffing and training, audit strategy and planning, reporting and performance and quality and effectiveness.
- 4.2 Some development work was identified and undertaken in 2014/15. This included re-designing the audit process to ensure that individual audit reviews focus more clearly on the key risks associated with the areas under review. We have also drafted an updated Internal Audit Charter for inclusion in financial regulations.
- 4.3 The Internal Audit and Fraud Team has also undertaken a self assessment against the PSIAS during 2014/15 with the aim of identifying further development work required. A Quality Improvement Plan has been drafted which identifies a number of areas for improvement including reviewing and updating the Internal Audit Manual and giving consideration to how independent assurance over the fraud function will be provided.

4.4 Internal Audit measures its performance against a set of four Key Performance Indicators (KPI). Performance against each of these for 2014/15 is set out in the table below.

Key Performance Indicator	Target (%)	Actual (%)
1. % of Internal Audit and Fraud annual plan completed.	100	100
2. Draft reports issued in line with target date	60	45
3. Audits completed within budget %.	80	80
4. Actual days as % of planned days.	95	83

4.5 While the overall plan has been delivered there is room for improvement in relation to performance against target dates and budgets for individual reviews. This was mainly due to staff changes in the team through the year. The Quality Improvement Plan mentioned above also identifies improved performance monitoring and reporting throughout the year to facilitate better performance.

APPENDIX A - INTERNAL AUDITS COMPLETED IN 2012/13

Audit	Audit Weeks	Annual Plan	Service	Progress
Governance				
Annual Assurance Report	8	2014-15	Corporate	Final Report Issued
Assurance				
Absence Management	6	2014-15	Corporate and Governance	Final Report Issued
Health and Safety	6	2014-15	Corporate and Governance	Final Report Issued
Community Planning	5	2014-15	Corporate & Strategy and Customer Services	Draft Report Issued
Social Housing Charter	5	2014-15	Services To Communities-Housing and Community Safety	Final Report Issued
Housing Allocations Policy	6	2014-15	Services To Communities-Housing and Community Safety	Final Report Issued
Social Work Joint Review	3	2014-15	Social Services	Draft Report Issued
Procurement	5	2014-15	Finance and Corporate Services	Draft Report Issued
Education Joint Review	3	2014-15	Education	Draft Report Issued
Adult Care- Commissioning of Care	4	2014-15	Social Services	Final Report Issued
Information Governance	3	2014-15	Corporate	Final Report Issued
Social Work Joint Review	3	2014-15	Social Services	Draft Report Issued
External Funding Arrangements including ALEOs	4	2014-15	Corporate and across selected services	Draft Report Issued

Audit	Audit Weeks	Annual Plan	Service	Progress
Housing Benefit and Council Tax Reduction Scheme	6	2014-15	Revenues and Payments.	Final Report Issued
Budget Management and Monitoring	5	2014-15	Corporate & Accountancy	Final Report Issued
Treasury Management	4	2014-15	Accountancy	Final Report Issued
General Ledger	6	2014-15	Accountancy	Draft Report Issued
Change Management	6	2014-15	Corporate	Draft Report Issued
ICT Asset Management Plan and IT Contract Management.	6	2014-15	Corporate & IT	Deferred to 2015/16
Joint Authority Liaison Group (JALG)	6	Added	Social Services	Draft Report Issued
Fraud				
Fraud Risk Assessment / Prevention	6	2014-15	All Services	Completed
Fraud Detection	48	2014-15	Internal Audit and Fraud	Completed
Review Fraud and Whistleblowing policies	2	2014-15	Corporate	Completed
National Fraud Initiative	6	2014-15	All Services submitting data	Completed
Data matching	4	2014-15	All Services	Ongoing
Fraud Awareness and Training	5	2014-15	Corporate and all services	Ongoing
Other				
Follow Up	4	2014-15	All Services	Completed

Assurance	Definitions
Significant Assurance	There is an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
Reasonable Assurance	Business objectives are likely to be achieved. However, improvements are required to enhance the adequacy/effectiveness of risk management, control and governance.
Limited Assurance	There is considerable risk that the system will fail to meet its objectives. Significant improvements are required to improve the adequacy and effectiveness of risk management, control and governance.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

Report to Resources and Audit Committee

Date of Meeting: 30 April 2015

Subject: Internal Audit and Fraud Progress Report

Report by: Internal Audit and Fraud Team Leader

1.0 Purpose

- 1.1. This report provides an update on work completed from the Internal Audit and Fraud Annual Plan 2014/15, which was recommended to full Council for approval by the Resources and Audit Committee on 11 March 2014, in accordance with the Financial Regulations. Further to this the report provides an update of progress made on the 2015/16 Annual Plan which was recommended to full Council for approval by the Resources and Audit Committee on 26 February 2015.
- 1.2. The report also provides an update on the progress of implementation of recommendations to 31 March 2015 by Officers from previous Internal Audit Reports.

2.0 Recommendations

- 2.1. The Committee is asked to note, comment on and challenge the report and progress made on the Internal Audit and Fraud Annual Plan 2014/15 and the 2015/16 Plan.

3.0 Considerations**Progress against 2014/15 Plan**

- 3.1. Progress on completion of the Assurance element of the Annual Plan 2014/15, is summarised in the table below, with more detail being provided in **Appendix A**.

Status of Audits		%
To be Commenced	0	0%
Onsite/On going	0	0%
Draft Report Issued	8	46%
Final Report Issued	9	54%
Total	17	100%

Progress Against 2015/16 Plan

- 3.2. Progress on completion of the Assurance element of the Annual Plan 2015/16, is summarised in the table below, with more detail being provided in **Appendix B**.

Status of Audits		%
To be Commenced	16	84%
Onsite/On going	3	16%
Draft Report Issued	0	0%
Final Report Issued	0	0%
Total	19	100%

- 3.3. To provide members with more information on progress of the plans we have provided terms of reference for audits that are currently ongoing or are due to start in the near future and have been agreed. These are provided at **Appendix C** and cover the following reviews;

- Procurement: Purchase Cards
- Change Management

Final Reports- Assurance

- 3.4. The following reports from the 2014/15 plan are provided for:-
- General Ledger (Significant Assurance) (**Appendix D**)
 - Joint Authority Liaison Group (JALG) Decision Making (Reasonable Assurance) (**Appendix E**)
 - External Funding Arrangements including ALEOs (Significant Assurance) (**Appendix F**)

Fraud

- 3.5. The Internal Audit and Fraud Team continues to investigate benefit fraud having received 140 referrals since 1st April 2014 with over 98 investigations commenced up to the end of February. In that time investigations have identified over £129,726 of overpayments with 31 sanctions issued generating additional income of £9646.00.
- 3.6. All of these cases have proceeded in line with the Clackmannanshire Council Benefit Fraud Sanctions and Penalties Policy and the Corporate Prosecutions Policy.
- 3.7. The Team are actively involved developing areas where counter fraud skills provide ongoing benefits for the council. The team are increasingly being

called upon to conduct a broad range of internal investigations. These investigations identified serious misconduct in two cases with recommendations on improving controls made in all cases. For the two cases of serious misconduct the members of staff involved are no longer employed by the Council. Investigators have also started to concentrate on non benefit related external fraud. For example we have identified over £25,000 in false Council Tax Reduction Scheme claims and single adult discount awards. Work is ongoing to prevent and detect false claims with an emphasis on income maximisation.

Progress of Follow Up

- 3.8. Within Action Plans from previous Internal Audit Reports, there were 23 recommendations arising from 10 reports which were due for implementation by 28 February 2015. This covers all previous reports where there is at least one recommendation to be implemented. Of these, 12 recommendations have been implemented, 9 are in progress and 2 are no longer applicable. Recommendations are considered no longer applicable if they cover issues that have either been superseded by other events and are therefore dropped or have been carried forward in other reviews.
- 3.9. The progress made by Officers on these recommendations is summarised in **Appendix G** and where not sufficiently implemented, progress to date and revised completion dates have been agreed.

Conclusion

- 3.10. Final or draft reports for all reviews from the 2014/15 Internal Audit and Fraud Plan have now been issued. Work has now started on reviews from the 2015/16 plan. Further progress has been made on implementing and addressing recommendations from previous reports.
- 3.11. Members are asked to note the report and progress made.

4.0 Sustainability Implications

- 4.1. There are no sustainability implications.

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

No

- 5.3. Finance has been consulted and have agreed the financial implications as set out in the report.

Yes

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

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

(1) **Our Priorities** (Please double click on the check box)

- 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.

8.0 Equalities Impact

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

9.0 Legality

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

10.0 Appendices

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

Appendix A - Progress on 2014/15 Internal Audit and Fraud Annual Plan

Appendix B- Progress on 2015/16 Internal Audit and Fraud Annual Plan

Appendix C - Terms of Reference

Appendix D- General Ledger

Appendix E- Joint Authority Liaison Group (JALG) Decision Making

Appendix F- External Funding Arrangements including ALEOs

Appendix G- Progress Of Follow Up Of Internal Audit Reports

11.0 Background Papers


11.1 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

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	
Nikki Bridle	Depute Chief Executive	

Audit	Audit Weeks	Annual Plan	Service	Progress
Governance				
Annual Assurance Report	8	2014-15	Corporate	Draft Report Issued
Assurance				
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Housing Allocations Policy	6	2014-15	Services To Communities- Housing and Community Safety	Final Report Issued
Social Work Joint Review	3	2014-15	Social Services	Draft Report Issued
Procurement: Purchase Cards	5	2014-15	Finance and Corporate Services	Draft Report Issued
Education Joint Review	3	2014-15	Education	Draft Report Issued
Adult Care- Commissioning of Care	4	2014-15	Social Services	Final Report Issued
Information Governance	3	2014-15	Corporate	Final Report Issued
External Funding Arrangements including ALEOs	4	2014-15	Corporate and across selected services	Draft Report Issued
Housing Benefit and Council Tax Reduction Scheme	6	2014-15	Revenues and Payments.	Final Report Issued
Budget Management and Monitoring	5	2014-15	Corporate & Accountancy	Final Report Issued
Treasury Management	4	2014-15	Accountancy	Final Report Issued

PROGRESS ON APPROVED INTERNAL AUDIT ANNUAL PLAN 2014/15

APPENDIX A

Audit	Audit Weeks	Annual Plan	Service	Progress
General Ledger	6	2014-15	Accountancy	Draft Report Issued
Change Management	6	2014-15	Corporate	Draft Report Issued
ICT Asset Management Plan and IT Contract Management.	6	2014-15	Corporate & IT	Deferred to 2015/16
Joint Authority Liaison Group (JALG)	6	Added	Social Services	Draft Report Issued
Fraud				
Fraud Risk Assessment / Prevention	6	2014-15	All Services	Ongoing
Fraud Detection	48	2014-15	Internal Audit and Fraud	Ongoing
Review Fraud and Whistleblowing policies	2	2014-15	Corporate	Ongoing
National Fraud Initiative	6	2014-15	All Services submitting data	Ongoing
Data matching	4	2014-15	All Services	Ongoing
Fraud Awareness and Training	5	2014-15	Corporate and all services	Ongoing
Other				
Follow Up	4	2014-15	All Services	Ongoing

PROGRESS ON APPROVED INTERNAL AUDIT ANNUAL PLAN 2015/16

APPENDIX B

Audit	Audit Weeks	Annual Plan	Service	Progress
Governance				
Annual Assurance Report	8	2015-16	Corporate	To Be Commenced
Assurance				
Compliance with IT Security Policies	5	2015-16	Corporate	To Be Commenced
Capital Project Management	5	2015-16	Resources and Governance/ Corporate	To Be Commenced
Workforce Planning	5	2015-16	Corporate	To Be Commenced
Shared Services	6	2015-16	Social Services Education	To Be Commenced
Health and Social Care Integration	5	2015-16	Social services	To Be Commenced
Administration of Blue Badges	4	2015-16	Development and Environmental	Ongoing
iTrent	5	2015-16	Resources and Governance	To Be Commenced
Debt Recovery	4	2015-16	Housing and Community Services	To Be Commenced
ICT Asset Management Plan and IT Contract Management	5	2015-16	Resources and Governance	To Be Commenced
Information Governance	4	2015-16	Corporate	To Be Commenced
Progress of the New Financial System Project	4	2015-16	Resources and Governance	To Be Commenced
Cash Collection and Handling	4	2015-16	Corporate	To Be Commenced
Creditor Management	4	2015-16	Resources and Governance	To Be Commenced
Fleet Management	4	2015-16	Development and Environmental	To Be Commenced
Travel and Subsistence	4	2015-16	Corporate	Ongoing

PROGRESS ON APPROVED INTERNAL AUDIT ANNUAL PLAN 2015/16

APPENDIX B

Audit	Audit Weeks	Annual Plan	Service	Progress
Consultancies and Agency Workers	5	2015-16	Corporate	Ongoing
Mobile Phone Usage	2	2015-16	IT/Corporate	To Be Commenced
Leisure Income	5	2015-16	Strategy and Customer Services	To Be Commenced
Delegated Financial Approval Authority	4	2015-16	Corporate and Housing and Community Services	To Be Commenced
Fraud				
Fraud and Error Prevention and Detection	55	2015-16	Internal Audit and Fraud	Ongoing
National Fraud initiative	6	2015-16	All Services submitting data	Ongoing
Fraud Awareness and Training	3	2015-16	All services	To Be Commenced
Other				
Follow Up	4	2014-15	All Services	Ongoing



INTERNAL AUDIT TERMS OF REFERENCE SERVICE: Corporate

AUDIT AREA: Procurement: Purchase Cards

AUDIT YEAR: 2014/2015

INTRODUCTION AND SCOPE

Corporate Purchase Cards have been introduced by Clackmannanshire Council as an alternative method of paying relatively low value or frequently supplied goods. It looks, and is used, like any normal credit card and is widely accepted within the UK. Use of cards is governed by Purchase Card Policy and Procedures Guide issued in May 2014, Contract Standing Orders and Council Financial Regulations.

Purchase cards have inherent risks relating to card security, fraud and misuse through unauthorised spending. As a result robust controls are required to ensure that cards are used in a secure manner that protects both individual cardholders and Council funds.

The scope of this audit will be to review the controls in place over purchase cards both at a corporate level and in relation to a sample of services and cardholders.

RISKS

The following risks could prevent the achievement of the objectives of the purchase card systems, or result from the non-achievement of the objectives, and have been identified as within scope for this audit;

- Purchase Card use is not in line with Financial Regulations and other relevant policies and procedures
- Fraudulent or illegal use of purchase cards
- Purchase cards being used to circumvent wider procurement controls

AUDIT OBJECTIVE: Our audit work will be designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified above.

**INTERNAL AUDIT TERMS OF REFERENCE****SERVICE: Corporate****AUDIT AREA: Change Management****AUDIT YEAR: 2014/2015****INTRODUCTION AND SCOPE**

The Council is currently implementing a business transformation programme entitled *Making Clackmannanshire Better*, which was initially approved by the full Council in March 2013. The programme is designed to develop business improvements and new models of service delivery to meet changing customer needs, achieve substantial levels of savings in line with funding cuts, improve service delivery and where possible, integrate business operations with other public services to better target resources, reduce duplication and ultimately improve outcomes.

The following are stated as key outcomes of the *Making Clackmannanshire Better* Programme:

- Improving customer experience;
- Meeting changing customer needs;
- Introduce organisational change;
- Reduce costs;
- Improve performance; and
- Improve services/service provision.

The *Making Clackmannanshire Better* Programme provides a corporate approach to business improvement with the aim of establishing cost sustainability to target resources and reduce duplication and waste.

The scope of this audit will be to review the high level controls in place over the programme and project management, monitoring and governance processes in place surrounding the *Making Clackmannanshire Better* Programme.

RISKS

The following risks could prevent the achievement of *Making Clackmannanshire Better's* objectives:

- Change and Project Management processes, procedures and resourcing are inadequate.
- Establishment and monitoring of outcomes and benefits realisation is not effective.
- Governance, scrutiny and reporting of the individual projects and the overall programme is inadequate.

AUDIT OBJECTIVE: Our audit work will be designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified above.

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of The General Ledger. The review forms part of the Internal Audit and Fraud Plan for 2014/15, which was recommended to full Council for approval by **the Resources and Audit Committee on 11 March 2014.**

1.2 Financial management is a core part of successful management. It is central to every organisation's decision-making process and an essential part of the overall performance management framework. Accounting information produced by local authorities is important because the essence of local democracy is accountability to the electorate, and communication of financial information in financial statements is a key aspect of accountability.

1.3 The General Ledger is an account used to sort and store balance sheet and income statement transactions and is a module within the Council's Finance System (Strategix). The efficient structure and operation of the General Ledger can be critical to the effectiveness of decision making, performance management and reporting.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to review and evaluate the controls in place around the General Ledger with consideration of any potential implications for future system development.

2.2 Internal Audit, in conjunction with the Chief Accountant, identified the key risks relating to the audit. In our opinion there is a reasonable control environment operating in relation to efficient and effective General Ledger processing. We can provide overall **reasonable** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Policies and procedures are unclear.	Reasonable
General ledger processing is inaccurate, incomplete and unauthorised.	Reasonable
System development objectives of the replacement Financial System Project are unclear.	Reasonable
Infrequent or incomplete reconciliations of General Ledger Accounts	Significant
General Ledger structure and reporting is inadequate and not aligned to the strategic aims of the organisation	Reasonable

3. FINDINGS

3.1 At the time of this review a project to implement a replacement finance system which includes the General Ledger (GL) was in its early stages. Findings identified in this report should be taken into account within development of the new system rather than necessarily taking immediate action. However, where we feel more immediate action is necessary we will make this clear.

3.2 We can provide reasonable assurance that policies and procedures are clear. Written procedures are in place for period end processing, cost centre maintenance and for bank account reconciliations. There is a lack of formal written procedures relating to GL processing and support system reconciling. This is mitigated by new or inexperienced members of staff being provided with on the job training and support by experienced staff members. Observance and testing found that there are consistent processes in place which are being followed by responsible officers.

3.3 We can provide reasonable assurance that GL processing is accurate and complete. We have some concerns around authorisation as there are poor controls over user maintenance. There are three main methods of GL processing: interactive systems, external system interfaces and manual journals. The interactive systems are sales, purchases and bank accounts and the associated transactions are directly processed into the GL. External systems have been procured at different times and do not directly interface with Strategix (the Council's current finance system). This results in a significant amount of manual intervention to prepare a batch of transactions to be uploaded to the GL. The interfaces can also fail if there are any transaction coding errors meaning the interface process will have to be re-run. These are known issues that the new financial system will be designed to address.

3.4 Manual journal entries are generally required to make corrections to accounts or to process accounting transactions. Manual journal forms are completed by an officer and then approved by a line manager prior to processing. Testing provided assurance that manual journals are being accurately processed. The efficiency of the approval prior to processing manual journals should be considered given that the line manager is also responsible for monitoring the relevant accounts. (Finding 5.1)

3.5 We also reviewed user maintenance, system access controls and system audit log management. This involved assessing the system administrator roles for managing system users access and audit logs where we found the following weaknesses:

- Leavers are not being routinely deactivated;
- No regular review of system users to ensure that access permissions are appropriate and leavers have been deactivated.
- No time limit set on user inactivity prior to deactivation (51% of users have not logged on since May 2014).
- Minimal password rules set up on the system.
- Audit logs are not being used to monitor system usage. (Finding 5.2)

3.6 We can provide reasonable assurance that objectives for the development of the new financial system are clear. The Funding for the replacement Finance System Project was agreed at a Special Council Meeting in February 2013. A Project Board of stake holders has been formed. Options appraisal, Project Initiation Document (PID) and a Project Plan are being developed. Current system issues and new system objectives have been identified through consultation of Project Board, Operational Group and potential software suppliers. Current system issues identified include reporting, external system interfaces and not supporting e-procurement. We are comfortable that all main issues are included to be addressed.

3.7 An identified project manager has been engaged and is now in place to oversee development of the Finance System Project. The Project Board will play the lead in reviewing and endorsing the PID and associated Project Plan to address the recommendations agreed following the completion of the Options Appraisal. Thereafter the Project Board will review the progress of the Project and the associated service budget. The project is in the early stages with the PID still to be agreed by the

Board and there has been some initial slippage in timeframes which will be adjusted in the project plan presented to the Board. The adjusted timeframe target for implementation of the new Finance System is the end of 2016. Internal Audit as part of the Audit Plan for 2015/16 will monitor the systems development project to provide ongoing assurance that it is achieving the objectives and timeframes agreed in the PID and Project Plan. Progress will be reported to the Resources and Audit Committee on a regular basis.

3.8 In relation to the current Finance System there has been no systems development plan in place with regular monitoring and officer responsibilities defined. There is a maintenance contract in place for the current system which involves paying an annual fee for the use of the supplier software and for the provision of support of system issues. Quotes for additional work are checked for reasonableness as well as affordability and also checked to ensure these are additional to the agreed support. There is no formal record of when issues are logged with the supplier and the resolution date although staff advised they had not had any issue where the time to respond or resolve the query was unreasonable.

3.9 There is therefore an overall lack of documented monitoring arrangements in place. Corporate Accounting Team have recognised these issues and are putting measures in place to address short term risks. More robust contract management arrangements will need to be in place for the new financial system. (Finding 5.3)

3.10 We can provide significant assurance that there are frequent and complete reconciliations of the general ledger accounts. On a daily basis integrity checks are run to ensure that the GL, Purchase Ledger, Sales Ledger and bank accounts reconcile. If there are any discrepancies these will be reported to and investigated by an accountant. Suspense and Control accounts are reviewed on a monthly basis with the responsibility for these lying both with Services for specific accounts such as Payroll and Revenues and Accountants for all other accounts as part of the monthly period end process. An accountant has overall responsibility to ensure that all suspense accounts are reconciled prior to year end processing. We are content that consistent daily, monthly and annual processes and reconciliations are being carried out at the year end and final accounts are signed off by the External Auditors.

3.11 We can provide reasonable assurance that the GL structure and reporting is adequate and aligned to the strategic aims of the organisation. The GL structure is compliant with the CIPFA Service Reporting Code of Practice. Ledger codes cannot be deleted from the system but unused cost centres are moved to a redundant file which is regularly monitored to identify any activity. There are formal written procedures for setting up and moving of cost centre codes. Cost centre codes can be moved to other Service areas within the hierarchy but all related historic transactions are also moved which can affect the accuracy of historical reports.

3.12 There are number of standard system reports but these do not directly meet all Service needs and there is also limited development of reports to meet needs. In general at the time of our review system reports cannot be exported to Excel spreadsheets which limits their usefulness. Management have advised that a software patch has been implemented which allows system reports to be exported to Excel spreadsheets. At present a reports interface is used to extract the required information and this is uploaded to budget management spreadsheets. There is no reporting function to produce projections or planned expenditure and this requires to be manually input into the budget management spreadsheets. Reporting requirements are an integral part of the new financial system development.

3.13 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

4. RECOMMENDATIONS

4.1 A summary of the recommendations raised from this audit is included in a Management Action Plan. Management comments, the date for implementation and Responsible Officer have been reflected within the Action Plan.

4.2 The Management Action Plan contains the following priority of recommendations.

Priority Assessments	Number
Priority 1	-
Priority 2	1
Priority 3	1
Priority 4	1

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	Manual journal forms are completed by an officer and then approved by a line manager prior to processing. The value of the approval prior to processing of the manual journal should be considered given that the line manager is also responsible for monitoring the relevant accounts.	Process is inefficient using valuable senior officer time.	4	This will be addressed through requirements of new financial system with agreement from internal and external audit.	Chief Accountant	Dec 2016
5.2	Weaknesses were identified in relation to user access controls and audit logs: <ul style="list-style-type: none"> • Leavers are not being routinely deactivated; • No regular review of system users to ensure that access permissions are appropriate and leavers have been deactivated. • No time limit set on user inactivity prior to deactivation (51% of users have not logged on since May 2014). • No password rules set up on the system. • Audit logs are not being used to monitor system usage. 	General Ledger system is inefficient and there is risk of inappropriate access.	2	These are issues that will be taken into consideration when procuring and configuring new financial system. In relation to existing ledger systems a review will be undertaken on user access controls to strengthen arrangements.	Chief Accountant System Administrators	Dec 2016 Sept 2015

GENERAL LEDGER**APPENDIX D**

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.3	Contract monitoring arrangements of the current financial system are not being appropriately evidenced.	Contract value for money is not achieved and terms and conditions are not being delivered.	3	More formalised contract monitoring arrangements will be put in place for the remainder of the contract period	Corporate Accounting Team Leader	Sept 2015

1. INTRODUCTION

1.1 The Assistant Head of Social Services, with responsibility for Childcare Services, has asked internal audit to consider the controls in place over the Joint Authority Liaison Group external placement approval and decision making process. This review was not originally included in the 2014/15 annual plan.

1.2 The vision in place for Clackmannanshire children is that every child and young person has the best possible start in life and achieves their potential. The Joint Authority Liaison Group is made up of Service Managers from Social Services, Education, Accountancy, Psychological Services and Head Teachers and is responsible for approving and monitoring external child care packages and accommodating children. The Joint Authority Liaison Group has a critical role in ensuring that all external care packages are approved and monitored by all relevant stakeholders.

1.3 Referrals are only made to the Joint Authority Liaison Group when the child or young person's assessment determines that a multi agency package of care and / or educational support is required to meet the child or young person's needs and this cannot be accessed through local community based resources. Referrals to the Joint Authority Liaison Group are made by Social Services and Education professionals and the rationale behind the referral will not be assessed as part of this internal audit.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to review controls in place over the decision making and monitoring processes in place as part of the Joint Authority Liaison Group approval process to ensure they are consistent, in line with policy and national guidance.

2.2 Internal Audit, in conjunction with the Assistant Head of Social Services, identified the key risks for the audit. In our opinion there is a reasonable control environment operating in relation to the Joint Authority Liaison Group decision making process. We are content that procedures have been developed and are being introduced. As a result we can therefore provide overall **Reasonable** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Policies and procedures are unclear and Child Care approval processes are not up to date and in line with current legislation.	Reasonable
Child Care accommodation and high cost care packages are not appropriately approved and monitored.	Reasonable
Child Care approval and governance processes are not efficient and effective with potential duplication of effort between shared service providers.	Significant
Reporting of Looked After Accommodated Children decisions is inadequate.	Reasonable
Monitoring of the standards of care purchased placements is not adequate	Reasonable

3. FINDINGS

3.1 We can provide reasonable assurance that policies and procedures are clear and the external child care placements approval processes are up to date and in line with current legislation. In order to assess the JALG decision making process we reviewed the Child Care and Protection Division's obligations under current legislation and policy. The national guidance and legislation relating to child care include Getting It Right For Every Child (GIRFEC), Additional Support for Learning (ASL) Act 2004 and the Children and Young Persons Act 2014. The national guidance and legislation outline the Councils obligations to support children and young people to ensure they are educated, healthy and safe. Children's Services documented processes and procedures incorporate the GIRFEC guidance and the Councils Integrated Children's Service Plan includes the requirements of the legislation. Following testing we can provide assurance on compliance with the guidance and legislation through the presentation of integrated assessment forms and reports to the Joint Authority Liaison Group (JALG) as part of the external placement approval process.

3.2 There is a set process in place for the JALG approval of external placements but there is a lack of documented procedures. At the time of our review there was no formal terms of reference and remit in place for JALG. However, draft guidance for a combined JALG and Stirling Resource Allocation Group (RAG) team structure, meeting schedule and approval process has been developed. (Finding 5.1). Consideration should be given to outlining this changed approach to the Health and Social Care Committee. (Finding 5.2)

3.3 Procedures have been developed to ensure that Emergency Care Placements are appropriately approved by the Service Manager and subsequent notification to the next JALG meeting for review. Emergency care placements are not specifically logged as such so we were unable to carry out targeted testing in this area. We observed evidence of retrospective review of emergency placements included as part of the JALG meeting minutes, however we cannot positively confirm consistent compliance with these procedures. (Finding 5.3)

3.4 We can provide reasonable assurance that child care accommodation and high cost care packages are appropriately approved and monitored. Case Referrals to the group are made by Social Services and Education professionals through presentations which include the submission of reports which are considered by the group for approval. The main priority of the responsible officers is ensuring that the child's needs are met when approving care placements. Placements are only presented to JALG if all suitable internal options have been exhausted. Placement costs are not directly considered as part of the JALG approval process but there is an element of best value as providers in the main will be selected from the National Framework Contract.

3.5 As this is a demand led service at this point in the process there has been no consideration given to the immediate overarching potential financial impact of individual decisions. An Accountant is a member of JALG and monitors actual placement costs and provides a projected budget update at every meeting. This takes place after decisions have been made and takes account of variations in expenditure due to individuals entering and leaving care. There is a projected £685k overspend in the residential schools budget as reported to the Housing, Health and Care Committee on 29/01/15. Ultimately it is still the budget holders responsibility to approve budget spend. This is a joint responsibility between Education and Social Work. Draft guidance should include a requirement that appropriate budgetary approval will be required before final approval of any care package (Finding 5.4).

3.6 A sample of approved placements were reviewed and we found that prior to 2014 there was limited evidence retained relating to approval and monitoring of placements. From 2014 approval and regular monitoring and updates of placements have been recorded in the JALG meeting minutes; a letter of the decision is produced for relevant stakeholders, and case reports and integrated assessment forms are prepared and considered. To ensure this consistency is retained it may be prudent to consider introducing a formal checklist to record documents and evidence required as part of the JALG approval process. (Finding 5.5)

3.7 Where capacity and provision allows external placement providers are utilised from the National Child Care Provision Framework. The rationale behind the selection of specific placement providers is

not reported to JALG (Finding 5.6). Social Care and Education professionals do not have access to the National Framework of providers database which can be used to match child needs to provider specifications. A Planning and Commissioning Officer is available to provide advice at JALG meetings regarding placement providers and contracts.

3.8 Through testing we found that no formal care package agreements had been signed up to by the Council and the Care Providers for individuals placed in care. A formal Individual Placement Agreement (IPA) framework detailing placement contract terms has been developed. Management have advised that all placements approved from January 2015 would have an IPA completed and signed by a Responsible Officer and the Care Provider. At the time of our review the process to agree the IPA does not include an assessment and approval of an options appraisal of potential placements. In addition the completed IPA is a legal document and there are no formal arrangements in place regarding IPA authorisation, access and storage. (Finding 5.7)

3.9 External care invoice processing was reviewed and we found checks undertaken to ensure that the individuals are in care for the specified period and the care has not previously been paid. At the time of review no checks were being undertaken on validity of costs as part of the invoice approval process as no formal care package agreements were in place. (Finding 5.8)

3.10 We can provide significant assurance that Child Care approval and governance processes are efficient and effective. As mentioned at 3.2 Service management have recognised the duplication of provision between the JALG and RAG and are in the process of merging the two groups with the first meeting scheduled for March 2015. A written remit and procedures have been drafted for the merged group and it is planned that there will be a monthly referral meeting and a monthly business meeting.

3.11 We can provide reasonable assurance that reporting of Looked After and Accommodated Children (LAAC) decisions is adequate. Overall Social Care Performance reports including budgeting and related performance targets are regularly submitted to the Housing Health and Care Committee. There is no routine reporting of JALG output relating to analysis of referrals, approvals and types of placements. (Finding 5.9)

3.12 We can provide reasonable assurance that the monitoring of the standards of care purchased placements is adequate. A contract monitoring framework of care providers has recently been developed and includes a checklist to be completed as part of the review. Management have advised that all care providers will be risk assessed and this will determine the level of future monitoring undertaken. At the time of this audit, processes were still at an early stage. As a result there has been a minimal number of reviews of care providers undertaken to ensure contracts and quality standards are being met. As review process develops appropriate evidence relating to what care providers had been reviewed and what care providers were still to be reviewed should be maintained. At present there is no formal agreement of responsibilities in place between the care providers' stakeholder organisations for monitoring standards and the sharing of this information. (Finding 5.10)

3.13 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

4. RECOMMENDATIONS

4.1 A summary of the recommendations raised from this audit is included in a Management Action Plan in Appendix B. Management comments, the date for implementation and Responsible Officer have been reflected within the Action Plan.

4.2 The Management Action Plan contains the following priority of recommendations. Definitions for the priority assessments are provided in Appendix B.

Priority Assessments	Number
Priority 1	-
Priority 2	6
Priority 3	4
Priority 4	-

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	Draft JALG/RAG Procedures have not been formally agreed.	Procedures are not complete.	3	Guidelines to be drawn up and agreed at the newly formed Stirling and Clacks Agency Getting it Right For Every Child Authority Group (AGG) business meetings and signed off by Assistant Head Of Service Social Services and Education.	Principal Psychologist	May 2015
5.2	The change of the approval process to a JALG/RAG has not been outlined to the Health and Social Care Committee and Education Committee.	Committee not informed of changes to Service delivery.	3	Prepare paper for committee on new process for approval	Assistant Head of Social Service - Child Care. Assistant Head of Service Education	September 2015
5.3	There is no formal record kept of emergency placement approvals. No management checks to ensure compliance with emergency placement procedures.	Emergency Care Placements are not appropriately approved and reviewed by JALG.	2	Record all emergency placement requests highlighting these as emergencies on meeting minute. Service managers to check compliance and add to referral meeting minute as record.	Group Admin Service Manager, Childcare. Acting Service Manager, Education Additional Support Needs.	April 2015
5.4	The care placement approval guidance does not detail budget responsibility and the requirement for budget approval before placements are agreed.	Budgetary responsibility is unclear. Care placements agreed without budgetary approval.	2	To be included in guidance at 5.1.	Service Accountant Principal Psychologist	May 2015
5.5	No log retained of supporting documents presented as part of the external placement referral to JALG.	No record of evidence submitted in support of JALG decisions.	3	Record log of documents for referrals made to JALG.	Group Admin	April 2015

JOINT AUTHORITY LIAISON GROUP (JALG) DECISION MAKING

APPENDIX E

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.6	Placement updates to JALG do not include details of an the rationale for placement approval by the responsible officer.	Care costs not considered and best value not achieved.	2	Ensure updates outline all placements considered and why successful one selected. Confirmation to referral meeting that placements have been discussed and agreed by line management and service managers.	Service Manager, Childcare. Acting Service Manager, Education Additional Support Needs.	April 2015
5.7	A. Formal care package agreements not in place. B. No formal arrangements for authorisation, storage and access arrangements of care package agreements.	Service provision and costs not formally agreed. Decisions taken to reach specific care packages cannot be properly evidenced.	2	A. Funding arrangement and Care Package agreed and authorised by Service Manager Individual Placement Agreement (IPA) agreed with Provider signed off by Head of Service B. Storage of Original IPA to be agreed with Legal Services Copy of signed IPA to be sent to Care Manager for Young Person's record - copy also held in Planning and Commissioning	Service Manager, Childcare. Acting Service Manager, Education Additional Support Needs. Planning and Commissioning Officer Planning and Commissioning Manager	April 2015 April 2015
5.8	Invoice costs are not validated prior to payment.	Expenditure is incorrect and not in line with the formal care package agreement.	2	Support - Child Care, Planning and Commissioning Team and Accountant to liaise on and develop a process	Team Leader Business Support Planning and Commissioning Officer Service Accountant	June 2015

JOINT AUTHORITY LIAISON GROUP (JALG) DECISION MAKING

APPENDIX E

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.9	<p>Management information requirements relating to JALG/RAG output has not been determined.</p> <p>There is no reporting of JALG/RAG output in relation to referrals, approvals and types of placements.</p>	<p>Reporting of Looked After Accommodated Children decisions are inadequate.</p>	3	<p>Quarterly reporting to be developed linked to covalent reports.</p> <p>Annual report to be developed for Assistant Head of Service.</p>	<p>Service Manager, Childcare.</p> <p>Acting Service Manager, Education Additional Support Needs.</p>	<p>June 2015</p> <p>December 2015</p>
5.10	<p>The monitoring responsibilities and information sharing requirements of the care providers stakeholder organisations has not been formally agreed.</p> <p>There is no record retained of providers risk assessments and what care providers have been reviewed and which are still to be reviewed.</p>	<p>Care providers do not meet quality standards and contract terms which could result in insufficient care provision and not achieving best value.</p>	2	<p>Planning and Commissioning Team to develop contract monitoring framework linked to risk log relating to service providers for approval by JALG</p> <p>Recording system of visits to providers to be developed with feedback to the JALG business meeting</p>	<p>Planning and Commissioning Officer</p>	<p>September 2015</p>

1. INTRODUCTION

1.1 As part of the 2013/14 Annual Internal Audit plan a report was published outlining findings from a review of the Council's systems of control over external funding arrangements. While reasonable assurance was provided, updated corporate arrangements were in early stages of implementation.

2. SCOPE AND OBJECTIVES

2.1 The scope of this targeted follow up audit was to consider the implementation of updated corporate arrangements over external funding.

2.2 Internal Audit, in conjunction with Strategy and Performance Management, identified the key risks relating to the audit. In our opinion there have been further significant improvements in the control environment operating in relation to the funding of external organisations. We can provide overall **significant** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Inconsistent application of new arrangements could lead to gaps and inconsistencies in operational monitoring of external funding.	Significant

3. FINDINGS

3.1 The Internal Audit review of Arms Length External Organisations (ALEOs), the report of which was presented to the Resources and Audit Committee in February 2013, provided only limited assurance. Following a subsequent targeted follow up review reasonable assurance was provided on improvements made to controls in place. A revised Code Of Practice Funding External Bodies And Following The Public Pound has been introduced which includes relevant guidance and has been circulated to all relevant staff. There is also a central register of externally funded bodies in place and Service Committees should be receiving regular updates however this is not yet happening in all instances.

3.2 However at the time corporate arrangements were still at early stages of implementation. As a result we undertook further work at service level as part of our 2014/15 annual plan to review how arrangements are bedding in and whether they are addressing risks appropriately.

3.3 We can now provide significant assurance that corporate arrangements are being applied consistently. We reviewed a sample of monitoring arrangements across different services and found that the Code of Practice is being applied in a consistent manner. We are also of the opinion that this consistency has strengthened the overall control environment in relation to external funding.

3.4 In particular we found that services are providing appropriate support to funded bodies and also are being suitably rigorous in monitoring and managing performance and delivery ensuring that value for money of the public funds is being achieved. Strategy and Customer Services also provide robust central support including keeping corporate documentation up to date, providing training and support to monitoring officers and reporting details in line with external audit recommendation.

3.5 It was noted that, while arrangements are being rigorously scrutinised and monitored, there are still a number of agreements that are in place for historic reasons rather than being put through a tendering exercise. This is an issue that has been recognised and is targeted to be addressed over the next two years. We will keep a watching brief over these developments.

3.8 The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

4. RECOMMENDATIONS

4.1 A robust control environment was identified during this review and as a result no findings have been reported and no further management action is required.

PROGRESS OF FOLLOW UP OF INTERNAL AUDIT REPORTS

APPENDIX G

Report Title	Priority				Number of Recommendations	Recommendations			
	1	2	3	4		Implemented	In Progress	Not Applicable Now	Implementation on Target? (* New Dates Agreed)
Non Domestic Rates Income	-	-	-	1	1	1	-	-	N/A
Purchase Orders to Payment of Suppliers	-	1	-	-	1	-	-	1(a)	N/A
Council Tax	-	1	3	-	4	1	3	-	Y*
Purchase Cards	-	1	-	-	1	-	-	1(a)	N/A
Savings and Efficiencies - Overtime	-	2	5	-	7	1	6	-	Y*
Absence Management	-	1	1	-	2	2	-	-	N/A
Housing Allocations	-	1	-	-	1	1	-	-	N/A
Treasury Management	-	1	2	-	3	3	-	-	N/A
Budget Management & Monitoring	-	1	-	-	1	1	-	-	N/A
Housing Benefit & Council Tax Reduction Scheme	1	-	1	-	2	2	-	-	N/A
TOTAL	1	9	12	1	23	12	9	2	9

(a) - Taken forward as part of the 2014/15 Targeted Follow up Review of Purchase Cards

Report to Resources and Audit Committee

Date of Meeting: 30 April 2015

Subject: Annual Report 2014/15: Funding to Voluntary Organisations

Report by: Acting Strategy and Performance Manager

1.0 Purpose

- 1.1. The purpose of this report is to provide committee with an overview of funding disbursed to voluntary organisations of approximately £1.5M during 2014/15.

2.0 Recommendations

- 2.1. It is recommended that committee note, challenge and comment on the report.

3.0 Considerations

- 3.1. The Council is required to demonstrate best value and comply with procurement legislation when employing third parties to supply the Council with goods and services. The Accounts Commission publication, *ALEOS: are you getting it right?* Sets out good practice arrangements and expectations with regard to the management and monitoring of funding to voluntary organisations. Whilst Clackmannanshire Council do not operate any ALEO's as such, there is an clear expectation that the same good practice principles set out in the guidance apply to any third party the Council funds, including voluntary organisations.
- 3.2. Following an internal audit report in August 2012, a number of recommendations were made to ensure sound management of voluntary organisations supplying the Council with goods and services.
- 3.3. A number of improvements have been made in the way that the Council manages funding to voluntary organisations over the past few years. Among these have been a revision of the Code of Practice for Funding External Bodies and Following the Public Pound, introducing a common Service Level Agreement template to be used across the Council; developing a central register of all voluntary organisations funded by the Council and providing mandatory training for all monitoring officers.

- 3.4. Following a comprehensive review of funding to a wide range of 3rd Sector organisations, the Council, in February 2014, agreed to cease funding to a number of organisations on 30 September 2014. This work was completed on schedule following a transitional period during which time dialogue, and where appropriate, support was maintained with these organisations.
- 3.5. Mandatory training for all monitoring officers was delivered in January 2015 and covered developing and agreeing service level agreements, Following the Public Pound, and the role of the monitoring officer, including discussion on the balance to be struck in the context of support versus challenge.
- 3.6. A targeted follow up review on external funding arrangements has recently been completed by Internal Audit in March 2015. The report provides significant assurance that corporate arrangements are now being applied consistently and this has strengthened the overall control environment in relation to external funding.
- 3.7. While there have been improvements in scrutiny and monitoring of Service Level Agreements, a key area for improvement remains within the context of commissioning. In its report, *ALEOs: are you getting it right?* the Accounts Commission say: "*Councils must have clear reasons for using ALEOs. They must understand the impact on people who use services. Clear roles and responsibilities and effective monitoring are essential*". Many of our funding arrangements are long-standing. As a result, not all fully comply with procurement requirements. There is a clear need to take a critical look at Third Sector funding and commissioning in order to be satisfied that service designs can best deliver best value and required outcomes within a context of integrated service provision and joint resourcing.
- 3.8. This is a priority for improvement over the next two years. As part of the project agreed by Council at the Special Council meeting held in February 2015, the Council will work closely with the Clackmannanshire Third Sector, through CTSI, and other community planning partners to review and redesign the commissioning local services to communities. Consideration will be given to greater use of models, for example, such as Public Social Partnerships to realise better integrated and more effective jointly resourced services.
- 3.9. It is worth highlighting that this work is already underway in some areas, particularly in Social Services, where commissioning arrangements for a number of SLAs have been subject to an in depth review this year. As a result, a number are now regarded as significant contracts with the Third Sector rather than Service Level Agreements. In time, this process may see more funding arrangements migrate to the Council's register of contracts, as they become subject to formal tendering exercises.
- 3.10. The table below summarises funding disbursed in 2014/15. In two areas only the funding approved by Council was not fully disbursed. These were £6,000 allocated to the Drop-in Foodbank and £75,000 for Ochil Leisure Enterprises (OLE).
- 3.11. OLE informed the Council in September 2014 that the facility had closed indefinitely. There has since been agreement to return the facility to the Council, with the SLA and associated funding terminated part year. As a result, a final sum of £31,200 was disbursed to OLE during 2014/15.

- 3.12. The Council approved funding of £10,000 for foodbanks in 2014/15. £4,000 was disbursed to The Gate Foodbank, however, £6,000 allocated to the Drop-in Foodbank was not utilised. The organisation did not provide the monitoring officer with agreed and required monitoring information for 2013/14, therefore, no SLA was signed for 2014/15, accordingly no funds were disbursed. At the Special Council meeting in February 2015, it was agreed to increase the funding provided to The Gate Foodbank for 2015/16.
- 3.13. In line with a recommendation from the External Auditor, the Council disclosed funding agreements with external organisation for the coming year as part of the 2015/16 budget approved at the Special Council Meeting in February 2015. Services are required to provide updates to their service committees on funding arrangements specific to their functions. An overview, similar to this report, will be provided to Resources and Audit Committee at this time next year.

Conclusion

- 3.14. Progress continues to be made in regard of the management of funding to voluntary organisations in Clackmannanshire. Going forward, the main area for improvement now relates to the commissioning of services and ensuring alignment with current funding priorities. This will be a key element of the Review of Funding to Voluntary Organisations project agreed in principle at the Special Council meeting in February 2015.

Project Name	Service	Funding Disbursed 2014/15
* indicates part year funding to 30/09/14		
Play Alloa	Education	£18,018
Clackmannanshire Sports Council	Education	£7,013
Total Education		£25,031
Clackmannanshire Citizens Advice Bureau	Housing	£128,700
Open Secret*	Housing	£8,216
Soup Pot	Housing	£2,925
WISH (Women in Sport and Health)*	Housing	£9,750
Clackmannanshire Women's Aid	Housing	£179,156
Total Housing and Revenues		£328,747
Central Carers Association	Social Services	£58,188
People First (Clackmannanshire)	Social Services	£22,172
Addictions Support and Counselling	Social Services	£8,640
Community House	Social Services	£38,180
Candies Cuisine*	Social Services	£14,664
Barnardo's (Freagarrach)	Social Services	£45,000
Homestart	Social Services	£76,889
Action for Children (Tayvalla)	Social Services	£93,410
Action for Children (Tullibody Families)	Social Services	£160,875

Project Name * indicates part year funding to 30/09/14	Service	Funding Disbursed 2014/15
Who Cares?	Social Services	£7,630
Total Social Services		£525,648
SAMH	Partnership – Integrated Mental Health Service	£159,800
Reachout with Arts in Mind	Partnership – Integrated Mental Health Service	£47,200
Clackmannanshire Healthier Lives	Partnership – Integrated Mental Health Service	£191,770
Total Integrated Mental Health Service		£398,770
Central Scotland Rape Crisis and Sexual Abuse Centre - Youth Project*	S&CS	£4,633
Central Scotland Rape Crisis and Sexual Abuse Centre	S&CS	£14,320
Central Scotland Regional Equality Council*	S&CS	£3,629
Hawkhill Community Association*	S&CS	£18,006
Cafe Society	S&CS	£21,996
Sauchie Active 8	S&CS	£34,827
Artist in Residence Project	S&CS	£4,037
Arts Forum*	S&CS	£1,980
AAFC - Youth Football	S&CS	£5,000
The Gate Foodbank	S&CS	£4,000
Ochil Leisure Enterprises	S&CS	£31,200
Drop-in Foodbank	S&CS	£0
Total Strategy and Customer Services		£143,628
CMEE (Community Maintenance and Environmental Enterprise)	Community Regeneration	£39,584
Funded Halls and Trusts	Community Regeneration	£14,625
Total Community Regeneration		£54,209
Grand Total		£1,476,033

4.0 Sustainability Implications

4.1. There are no direct sustainability implications arising from this report.

5.0 Resource Implications

5.1. Financial Details

5.2. There are no financial implications arising from this report.

5.3. Staffing

5.4. There are no staffing implications arising from this report.

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

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

(1) **Our Priorities** (Please double click on the check box)

- 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)

Contract Standing Orders

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No N/A

9.0 Legality

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

10.0 Appendices

10.1 None

11.0 Background Papers

11.1 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

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Gillian Taylor	Acting Strategy and Performance Manager	2418

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy and Customer Services	
Garry Dallas	Executive Director	

Report to Resource and Audit Committee

Date of Meeting: 30 April 2015

**Subject: Governance Improvement Plan 2014/15
Resources and Governance/Strategy & Customer Services**

**Report by: Stephen Coulter, Head of Resources and Governance &
Stuart Crickmar, Head of Strategy & Customer Services**

1.0 Purpose

- 1.1. In October 2012, members of the Resource and Audit Committee requested that all services present their Governance Improvement Plan to the relevant service committee to provide assurance of actions agreed and to enable members to make the clear link to the service's business planning process.
- 1.2. This paper therefore provides the Committee with an update on progress with Resources and Governance Annual Governance Statement process for 2014/15 following the Annual Governance Panel challenge which took place in May 2014.

2.0 Recommendations

- 2.1. It is recommended that Committee notes the report, commenting and challenging as appropriate.

3.0 Introduction and background

- 3.1. In April 2011, the then Scrutiny Committee agreed the process the Council would take to move from the Statement of Internal Control for 2011 towards the issuing of a formal Governance Statement in March 2012.
- 3.2. The Local Code of Governance and the Governance Strategy were approved by the Council in March 2012 and set out the vision, principles, objectives, actions and values which the Council will adhere to in order to ensure that there is a robust and effective governance framework in place and that the fundamental principles of good governance are embedded across the organisation at every level.
- 3.3. The Council authorised the Governance Manager to establish the Governance Panel as a pre-requisite of the introduction of the Annual Governance

Statement (AGS). The Governance Panels were established and operated for the first time early in the 2012/13 financial year.

- 3.4. The Council was able to issue an Annual Governance Statement as part of the 2011/12 annual accounts.
- 3.5. The Annual Governance process has continued to be refined since then, with work carried out to identify synergies with similar processes and to ensure that Officers are working to one service improvement plan. The process also seeks to make the link with service business planning with the aim of reporting progress through the Covalent system.

4.0 Considerations

- 4.1. This report outlines service progress with Annual Governance Improvement Plans for Resources and Governance and Strategy & Customer Services based on actions resulting from the Governance Challenge sessions that took place in May 2014.
- 4.2. A number of thematic questions were asked of each service with responses challenged by an officer Governance Panel in May 2014

The eight themes considered were:

- Leadership
 - Relationships
 - Risk
 - Internal Compliance
 - Business Planning
 - External Compliance
 - Information to support decision-making
 - Evaluation & Review
- 4.3. The Governance Panel comprised managers from most services and the Internal Audit & Fraud Manager. The role of the panel was to challenge any response where evidence was not apparent or had not been clearly articulated. In addition, a number of identified service-led actions were challenged to provide further clarification.
 - 4.4. Certificates of Assurance identified a number of service key risks, including
 - Service restructure & appointment of Head of Resources & Governance - clarification of roles, responsibilities, accountabilities particularly in light of new remits for Depute CEO
 - Stakeholder engagement - more effective use of feedback. Further develop business partner approach with internal client services to

ensure that work plans and resources can be better aligned to service demand

- Performance within the Revenues Service (benefits management) has declined during 2013/14. An improvement action plan has been agreed and performance will be monitored on a weekly basis during 2014/15.
- Major project management arrangements
- Business continuity arrangements
- Reporting of Effectiveness of Scrutiny Arrangements
- Resource & capacity issues for technical & professional support staff to support the following strategic processes :-
 - Implementation of agreed Model for the future support for Education and Social Services
 - Health & Social Care Integration
 - Corporate Procurement
 - Financial Systems
 - HR Systems
 - Managed contraction of services and staff

A copy of the Certificates of Assurance are attached at **Appendix A1 & A2**

The Improvement Action Plan at **Appendix B** provides information concerning specific actions in response to issues identified during the Governance challenge sessions.

- 4.5. Due to the nature of services provided by both services some of the key issues and outcomes identified through the Governance challenge process are cross cutting corporate matters. Where this is the case, the service may take the lead in actions to improve performance but will do so in partnership with other services. Improvement will depend on all services improving performance in these areas.
- 4.6. Where the identified improvements are the sole responsibility of the service, then the required improvements are incorporated into the service Business Plan and allocated to a lead manager. These are monitored by management teams and reported to the Resources and Audit Committee quarterly as part of the Performance & Finance Report.

5.0 Sustainability Implications

- 5.1. There are no sustainability implications associated with this report

6.0 Resource Implications

6.1. Financial Details

6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. N/A in this instance Yes

6.3. Finance have been consulted and have agreed the financial implications as set out in the report. N/A in this instance Yes

6.4. Staffing

6.5. There are no staffing implications associated with this report

7.0 Exempt Reports

7.1. Is this report exempt? Yes 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 | <input type="checkbox"/> |
| Our communities are more cohesive and inclusive | <input type="checkbox"/> |
| People are better skilled, trained and ready for learning and employment | <input type="checkbox"/> |
| Our communities are safer | <input type="checkbox"/> |
| Vulnerable people and families are supported | <input type="checkbox"/> |
| Substance misuse and its effects are reduced | <input type="checkbox"/> |
| Health is improving and health inequalities are reducing | <input type="checkbox"/> |
| The environment is protected and enhanced for all | <input type="checkbox"/> |
| The Council is effective, efficient and recognised for excellence | <input checked="" type="checkbox"/> |

(2) Council Policies

Governance Strategy

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 on this occasion Yes No

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 (1&2) - Certificates of Assurance for year ending 31st March 2014

Appendix B - Governance Improvement Progress Report

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

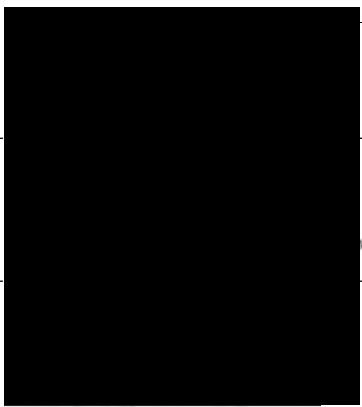
Resources and Governance Business Plan 2014/15

Strategy & Customer Services Business Plan 2014/15

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stephen Coulter	Head of Resources and Governance	2022
Stuart Crickmar	Head of Strategy & Customer Services	2127

Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	
Stuart Crickmar	Head of Strategy & Customer Services	
Nikki Bridle	Depute Chief Executive	



CERTIFICATE OF ASSURANCE

FOR THE ANNUAL GOVERNANCE STATEMENT FOR YEAR ENDING 31 March 2014

To: Director of Finance & Corporate Services
From: Senior Support Services Manager
Services : Accountancy / Governance/ICT/Revenues & Benefits

I am aware that you, as the Proper Officer in terms of section 95 of the Local Government (S) Act 1973 are responsible for ensuring that the financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council functions and which includes arrangements for the management of risk. Clackmannanshire Council's system of internal control is reviewed at least once in a year.

To assist you in that process, I confirm that I have considered the standard of internal controls in my area of responsibility. I can confirm that I have undertaken a review of the internal control arrangements in my area of responsibility.

As part of that review process I, together with my management team, have completed an Assurance Questionnaire which evidences the controls and systems in place in relation to the following areas :

- Financial Management
- Major Investment
- Risk Management
- Business Planning
- Project Management
- Procurement
- Human resources
- Equality & diversity
- Health & Safety
- Fraud & Corruption
- Information Management
- Voluntary Organisations & Sponsored Bodies
- External Compliance
- Law & Regulation

The Assurance Questionnaire also evidences the systems, processes, culture and values in place to support the following :

- Effective leadership
- effective community engagement
- good stakeholder relationships
- clarity of roles, responsibilities and accountabilities

Having done that, I can confirm that the following areas have been highlighted for improvement and you and the Chief Executive may wish to consider this when preparing the Governance Statement

- Service restructure & appointment of Head of Service - clarification of roles, responsibilities, accountabilities particularly in light of new remits for Depute CEO
- Stakeholder engagement - more effective use of feedback. Further develop business partner approach with internal client services to ensure that work plans and resources can be better aligned to service demand
- Performance within the Revenues Service (benefits management) has declined during 2013/14. An improvement action plan has been agreed and performance will be monitored on a weekly basis during 2014/15.
- Resource & capacity issues for technical & professional support staff to support the following strategic processes :-
 - Implementation of agreed Model for the future support for Education and Social Services
 - Health & Social Care Integration
 - Corporate Procurement
 - Financial Systems
 - HR Systems
 - Managed contraction of services and staff

The Assurance Process also identified potential corporate risks which may impact upon performance and service delivery across the organisation which you and Chief Executive may wish to consider, such as :-

- Financial resilience of the organisation
- Deployment of shared vision and values consistent with MCB and implementation of change agenda
- Workforce planning and development - to ensure that we have suitably skilled and experienced staff to achieve our corporate objectives and MCB
- Information management - resources required to fulfil legal duties and obligations as regards information and records management

Apart from the above, I can confirm that controls in my area have been, and are, working well. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the assurance you are required to give the Chief Executive

Certified by

**Julie Burnett
Senior Support Services Manager**

Date



CERTIFICATE OF ASSURANCE

FOR THE ANNUAL GOVERNANCE STATEMENT FOR YEAR ENDING 31 March 2014

To: Director of Finance & Corporate Services

From: Head of Strategy & Customer Services

I am aware that you, as the Proper Officer in terms of section 95 of the Local Government (S) Act 1973 are responsible for ensuring that the financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council functions and which includes arrangements for the management of risk. Clackmannanshire Council's system of internal control is reviewed at least once in a year.

To assist you in that process, I confirm that I have considered the standard of internal controls in my area of responsibility. I can confirm that I have undertaken a review of the internal control arrangements in my area of responsibility.

As part of that review process I have completed an Assurance Questionnaire which evidences the controls and systems in place in relation to the following areas :

- Financial Management
- Major Investment
- Risk Management
- Business Planning
- Project Management
- Procurement
- Human resources
- Equality & diversity
- Health & Safety
- Fraud & Corruption
- Information Management
- Voluntary Organisations & Sponsored Bodies
- External Compliance
- Law & Regulation

The Assurance Questionnaire also evidences the systems, processes, culture and values in place to support the following :

- Effective leadership
- Effective community engagement
- Good stakeholder relationships
- Clarity of roles, responsibilities and accountabilities

Having done that I can confirm that the following areas have been identified for improvement action within my area and you and the Chief Executive may wish to consider this when preparing the Governance Statement :-

- Deployment of equality and diversity responsibilities
- Effective dissemination of agreed policies and procedures to staff
- Workforce planning to ensure that service resources are aligned with corporate priorities and MCB
- Business continuity arrangements in light of office relocation
- Information management including data protection, records management and FOI arrangements

The Assurance process has also highlighted a number of areas for improvement at corporate level which you and the Chief Executive may also wish to consider when preparing the Governance Statement :-

- Systematic deployment of shared vision and values consistent with MCB
- Workforce planning to ensure that our resources are aligned with our corporate priorities and MCB
- Consistent implementation of agreed policies and procedures
- Business continuity arrangements, particularly in light of move to Kilncraigs
- Major Project Management arrangements
- Risk management arrangements
- Information Management
- Reporting of effectiveness of scrutiny arrangements

Apart from the above, I can confirm that controls in my area have been, and are, working well. There are, in my opinion, no other significant matters arising which would require to be raised specifically in the assurance you are required to give the Chief Executive.

Certified by _____

Stuart Crickmar
Head of Strategy & Customer Services

Date

AGS Assurance Action Plan

SERVICE : RESOURCES & GOVERNANCE/STRATEGY & CUSTOMER SERVICES

Ref	AREA FOR IMPROVEMENT	ACTION TAKEN TO DATE (what / who/ why/ when?)	IMPACT	Risk Score L /M /H	COMMENT
CORP 1	Procurement	Action : Procurement Manager / SMF Further targetted training and development of the Procurement Matters group Review of contract standing orders and financial authorisation levels Increased number of framework agreements	Satisfactory audit - Procurement Health Check Procurement Capability Score increased from 37% to- 45% representing a significant improvement Greater awareness across Council of procurement obligations Savings identified in region of £100K	M	Potential for more work to be done in terms of strategic commisioning for client services such as Social Services. NHS/Clacks/Stirling to produce and integrated strategic commisioning plan for adult health & social care services
CORP 2	Workforce Planning & Organisational Development -	Action : CMT / Head of R & G A significant leadership and development programme has been developed and deployed for Chief Officers, Service Managers and Team Leaders Ongoing consultation with Trade Unions as regards terms and conditions and service redesign Responsibility recently transferred to Head of Resources & Governance to enable workforce planning and development to be more closely aligned with associated work being done by Human Resources in terms of the Job Families Project	Targetted training and development of all Service Managers and Team Leaders to ensure consistent and adequate skills and knowledge to build leadership capacity within the organisation	M	Preliminary work undertaken on improving workforce profiling and job redesign, a core workstream within MCB. OD advisor appointed
CORP 3	Information Management	Action: CMT / Head of R & G Information governance has been identified as a priority	Still area of risk	H	Head of resources and Governace will lead on impementation of information strategy and the development of a records management plan in 2015-16

CORP 4	Shared Services support	<p>Action CMT</p> <p>External consultants are presently working to develop a business case in respect of more integrated shared services on the basis of a "Lead Authority Model"</p> <p>Support Services continue to provide professional and technical advice and support - adopting a pragmatic approach in partnership with our counterparts in Striling Council to ensure that Social Services and Education are appropriately supported in the interim whilst still subject to separate governance frameworks</p>	Still area of risk	H	Implementaion of a Lead Authority Model for Social Services will present a high risk for Legal/HR/Procurement/H&S in particular in terms of capacity and resource
CORP 5	Financial resilience	<p>Action CMT Budget planning / challenge & further development of MCB programme</p> <p>Active vacancy management</p> <p>Voluntary Severence programme</p> <p>Negotiated reduction in working week from 35hr to 34 hours</p>	Balanced budget achieved for 2014-15	H	Significant savings reuire to be realised and budget shortfall for 15/16 £11.5 M
CORP 6	Programme and Project Management	<p>Action: Corporate programme and project management approaches have been reviewed in line with developments in MCB which has resulted in revised draft processes and documentation in October 2014. These have been further refined following the 2015/16 budget process.</p>		H	Though deployment of new approaches is underway, e.g. training provided in the leadership development programme, significant further work is required, particularly in the light of the need to quickne the pace of organisational change and a number of recently reported issues related with project management that have resulted in overruns, and or over/under spends. Additional programme resources are being identified, with staff development in project lifecycle management likley to feature as a significant priority in the corporate learning and development programme for 2015/16.
CORP 7	Equalities & Diversity	<p>Action: Training on Equality and Diversity continues as part of the leadership development programme. The Council's published Equality Outcomes have been developed in partnership with the EHRC and now include an outcome relating to support and opportunity for staff with protected characteristics.</p>	The effectiveness of approached deployed is still to be formally evaluated. Anecdotally, there appears to be greater awareness of the need for EQIA, and the quality of approach, e.g. recent budget, appears to indicate improvements in scope and quality.	M	There is an ongoing requirement for ongoing awanress raising, training and deployment of policy and processes in this area.
CORP 8	Reporting of Effectiveness of Scrutiny Arrangements	<p>Action: a report is considered annually in February by Resources & Audit Committee, which addressses these matters, including a learning and development programme. Working with the Convenor of R&A, a phamlet on effective sctutiny of performance and finance matters was developed. This was the subject of a subsequent workshop in May 2014.</p>	The effectiveness of approached deployed is still to be formally evaluated.	M	Effective scruting is highlighted as a risk by the Accounts Commission in their publication, An Overview of Local Government 2015, particulalry in light of the increasing financial challenges councils face. To better understand the effectiveness of scrutiny improvement approaches, a qusionnaire is being implemented in Spring 2015.

CORP 9	Risk Management	Action: A revised Risk Management Policy has been developed. . Following the move to Kilncraigs, corporate business continuity arrangements were reviewed in conjunction with services.	The effectiveness of new arrangements is yet to be formally evaluated and reviewed. Contingency and business continuity systems have been tested by real life events - these have demonstrated high standards of organisational response and significant resilience.	M	Our approaches to risk management and business continuity are generally regarded as sound, however, further work on improving effectiveness and deployment will be required over the coming year, particularly in light of a range of increasing threats in areas such as serious organised crime, terrorism and economic uncertainty.
SS 1	Service restructure	Head of Resources & Governance appointed Assets & Soft FM transferred to R & G Revenues transferred to Housing & Community Safety		M	Head of R & G to redesign service to align with transformation agenda
SS 2	Systems and processes	Procurement exercise underway to purchase a new Financial Ledger System	New system will improve quality of management information and streamline processes	M	
		Integrated Payroll /HR information system ESS/MSS Phase 2 implemented Further development to accommodate changes to pension regulations	Better quality and more timely HR management information	M	Snagging issues remain from Phase 1. Contractors struggling to meet requirements of contract Phases 3 (H&S) and 4 (OD) still to be developed
SS 3	Stakeholder engagement and customer feedback	Action R & G Management Team Support Services Submission for reaccreditation for Customer Service Excellence - further improved with a number of A+ awards		L	
SS 4	Communication / customer engagement	Action : R & G Management Team Support Services Staff survey Budget consultation CSE re accreditation assessment T & C negotiations		L	
SCS 1	Service systems for dissemination of policies and procedures to staff	Action : Cascade process continues to be used to communicate the latest policies and procedures. Updates and changes to operational procedures are routinely communicated to staff via email, at team meetings, on Teamroom, on Connect and via staff training sessions.	The leadership development programme, particularly at team leader level appears to have assisted greatly. Though there have been no significant compliance issues, our internal management systems are still picking up awareness issues in some areas that we need to address, particularly in the wake of a number of new service areas being transitioned to the service..	L	Ongoing deployment of current approaches.
SCS 2	Service systems and staff awareness of Finance Regulations, CSO & delegated responsibility	Action: The leadership development programme has covered procurement and financial regulations matters, which has undoubtedly contributed to general raised awareness, as has staff engagement on the budget process. Training programme scheduled to be complete by the end of the financial year.	In general the service has fewer compliance issues, the commissioning of 3rd sector services aside, the service has generally good procurement compliance, budget savings have been achieved, and whilst outturns indicated a £400K underspend, much of this is associated with management intent in an attempt to make an ongoing contribution to the council's significant financial challenges.	L	Whilst the risks of compliance issues are perhaps less than they were, the wider financial context means this is an area that will require ongoing scrutiny, particularly with new service areas and staff coming into the service.

SCS 3	Information & Records Mgt	Action : Data Protection training has been provided to all Team Leaders and OLLE on-line training is mandatory for staff and included within the Induction of new staff.	The effectiveness of this work is yet to be fully evaluated. We continue to monitor our responsiveness and effectiveness in the handling of FOIs, where we have identified areas for improvement during this year. These are under review. Whilst we have had no specific compliance issues in the past year, and some progress has been made, for example, in areas such as public records, records management more generally is an area where further areas for improvement remain into 2015/16.	H	This area remains a risk and will be the subject of significant systems and staff learning and development over 2015/16, tying-in with further development of corporate approaches.
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