
Report to **Resources & Audit Committee**

Date of Meeting: 18th June 2015

Subject: **Corporate Risk & External Audit Actions**

Report by: **Head of Strategy & Customer Services**

1.0 Purpose

- 1.1. There are many different perspectives on strategic risk management and, in order to ensure that the Council is a 'risk aware' organisation, as many views as possible should be taken into account. Therefore, this report reflects risks identified at a local, internal level, as well as linking them to those identified at a regional level, and those identified from an external perspective. As well as the considerations shown here, this report is also closely linked to, and informed by, the Council's Annual Governance Statement process.
- 1.2. The report provides Resources & Audit Committee with an update on:
- The Corporate Risk Register - significant risks facing the Council, Internal Controls already in place to reduce risks and further planned actions;
 - The Statement of Preparedness - the Council's position, including work undertaken by the Forth Valley Local Resilience Partnership, on ensuring a rapid and effective response to significant Business Continuity risks;
 - The External Audit Action Plan - the actions recommended by the Council's external auditors (Deloitte UK) in September 2014, based on risks they have identified.

2.0 Recommendations

- 2.1. It is recommended that the Committee reviews and notes this report and Appendices A, B & C, then comments and challenges, as appropriate.

3.0 Considerations

Corporate Risk Log - 2014/15 Year End

- 3.1. The Head of Strategy & Customer Services is responsible for the corporate risk management approach, all managers are responsible for risks in their service areas and the corporate risk register is owned by the Corporate Management Team. The Council follows a systematic risk process, reporting

corporate risks to Resources & Audit Committee on a 6-monthly basis and service risks to other Committees on a quarterly basis. Our risk processes are assessed via internal and external audit and governance mechanisms.

- 3.2. We identify our approach to managing each risk as 'Treat' (action is required) or 'Tolerate' (actions within our control are complete and plans are in place to manage the risk, should it materialise). Risks with implications for more than half of the Council, or with significant implications for a specific service, are considered for escalation to the corporate log, where they are managed until their significance reduces. Risks are recorded on the Covalent performance management system and associated with actions (or action plans), internal controls (strategies, policies, procedures, etc.) and priority outcomes.
- 3.3. Each review of the corporate risk log involves gathering information from internal and external sources and forums. Meetings are then held with members of the Corporate and Service Management Teams, including:
 - Reviewing existing corporate and service risks with their owners;
 - Discussing the entire corporate log (including with officers in areas not directly affected by particular risks) to understand wider perspectives;
 - Investigating emerging externally-identified risks for local relevance;
 - Evaluating emerging internally-identified risks (also peer-reviewed).

The revised corporate risk log is presented in **Appendix A**

Statement of Preparedness - 2014/15 Year End

- 3.4. While the corporate risk log provides information on strategic risks, the Statement of Preparedness (**Appendix B**) provides information specifically on the Council's ability to respond to significant Business Continuity risks. This statement is based on the Community Risk Register, developed by the Forth Valley Local Resilience Partnership, which includes various Alliance partners, such as the Police, Fire and National Health Services.
- 3.5. The statement shows the risk evaluation, controls already in place and future plans, thus providing an assessment of how ready the Council is to withstand and manage the risks, should they occur. This provides more detailed risk assessment and control information on two risks included in the Tolerate section of the corporate risk log (Flu and Flooding), as well as Climate Change, which is included in the Development & Environmental Services risk log, and reported to the Enterprise & Environment Committee.

External Audit Actions - 2013/14 Audit

- 3.6. The Council's external auditors (Deloitte UK) recommended a number of actions in 2 reports to Resources & Audit Committee on 25-Sep-14 (on the 2013/14 Audit and Arms Length External Organisations). These actions are shown in **Appendix C**, including the initial management response and progress made. Unless otherwise specified by Deloitte, the target date of 31-Mar-15 had been entered but actions will be reviewed by Deloitte UK as part of the 2014/15 audit, therefore, some cannot be confirmed as complete until this has taken place (expected end Sep-15).

- 3.7. In some instances, these recommendations refer to very specific issues that arose during 2013/14, such as the late return of data or reports. In these cases, the Council has reviewed whether or not this was a single failure or anomaly, or whether it is symptomatic of a wider issue. In reviewing this, the Council can assess whether the recommendation from Deloitte is sufficient to remedy the issue, or whether more fundamental action is required for our own internal corporate governance requirements, and use this action plan to inform the corporate risk log.

2014/15 Risk Management Progress

- 3.8. As in the previous report (at the 2014/15 half year stage), the most significant risk to the Council is the financial crisis. Though work is progressing in identifying savings, there is still a substantial funding gap for the next 4 years, which the Council must manage. This risk has an impact across all aspects of the organisation, and is directly linked to the 3 risks that have increased. Completing organisational changes at a swifter pace, with effective staff engagement and appropriate governance, is becoming more critical. This also links to observations from Deloitte regarding benefits realisation planning in the Making Clackmannanshire Better programme.
- 3.9. Another issue related to the financial situation and the resulting contraction in the workforce is the loss of knowledge held when, often highly experienced, staff members leave. This is always a risk for any organisation but has been escalated to the corporate risk log due to its current significance in the light of workforce contraction. The risk of harm to children and the Council responding to changing demographics (such as the 'ageing population' and increased birth rates) remain at an amber status.
- 3.10. The risk of terrorism and serious organised crime has been newly added to the log. At a national level, the terrorist threat is rated as 'Severe' and the Council is working at a local and national level to reduce the likelihood of a terrorist incident occurring. Similarly, serious organised crime is being addressed at a number of levels, including through the National Fraud Initiative. The external audit actions highlight some issues around disclosure and data protection, which have now been resolved.
- 3.11. The impact of Welfare Reform on local communities will be closely monitored, particularly regarding the implementation of Universal Credit in 2015/16. The rating of risks around severe weather events also remain consistent with the previous report, due to the work undertaken by the Local Resilience Partnership. In the area of Health & Safety, launching the new Management System as well as completing other actions agreed with Internal Audit will ensure compliance and reduce this risk.
- 3.12. The risk of a public health emergency has been reduced as the winter flu season has now passed and the ebola crisis has been contained. It is also felt that ongoing progress around Shared Services and Health & Care Integration, as well as some other partnership arrangements mentioned by Deloitte, means that the risk around co-ordination of partnerships has also now reduced. The risk of industrial unrest has been reduced to a tolerable level by developing contingency plans for the event of strike action.

4.0 Sustainability Implications

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

5.0 Resource Implications

5.1 *Financial Details*

5.1.1 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

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

5.1.3 There are no direct financial implications arising from this report.

5.2 Staffing

5.2.1 There are no direct 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)

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

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 - Corporate Risk Register

Appendix B - Statement of Preparedness

Appendix C - External Audit Action Plan

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)

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Judi Richardson	Performance & Information Adviser	2105

Approved by


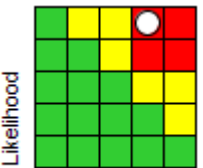
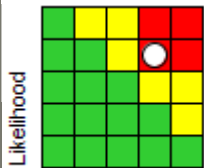
NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Head of Strategy & Customer Services	
Garry Dallas	Executive Director	


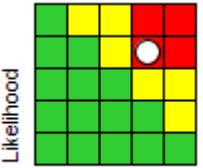
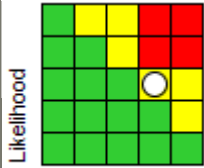
Approach Treat

Insufficient Financial Resilience		Priority Outcome(s)	9. The Council is efficient, effective and recognised for excellence		Status		Change Since Last Review	-
COU CRR 008					Current Rating	25	Target Rating	20
Description	The Council does not have sufficient funds to meet its liabilities and cannot meet essential service demands or customer expectations, or respond to external agendas.							
Potential Effect	Reputational damage, legal implications and severe and extended loss of service provision. Possibility of Alliance partners also being affected contributes to the potential impact, given the interdependencies.							
Related Actions	Making Clackmannanshire Better – detailed benefits realisation planning		COU EXA 001	Internal Controls	Budget Challenge & Financial Monitoring			
	Review of Financial Regulations & Contract Standing Orders		CRR RAG 005		Invest to Save Principles & Processes			
	Ongoing work between Accountancy team and all services to identify savings proposals		CRR RAG 006		Making Clackmannanshire Better Programme			
Latest Note	As reported to Council on 24-Feb-15, the funding gap for the period to 2018/19 is forecast as £23.4m (£11.6m in 2016/17). Budget Strategy, Budget Challenge process and MCB programme have been refocused and redesigned. Financial Regulations, Contract Standing Orders and savings proposals continue to be revised and developed.							

Insufficient Pace of Organisational Change		Priority Outcome(s)	9. The Council is efficient, effective and recognised for excellence		Status		Change Since Last Review	
COU CRR 034					Current Rating	20	Target Rating	16
Description	The Council fails to proactively drive the fundamental redesign of services and organisational planning/development with the speed required to address the funding gap due to ineffective change management							
Potential Effect	Inefficient and unsustainable processes and working practices and increasing, rather than mitigating, financial and customer risks, as well as instability in the workforce. Lack of clarity and focus on statutory and priority areas with disruption to service delivery and harm to vulnerable individuals with associated audit/legal implications and reputational damage.							
Related Actions	Provide staff cascade briefings, complete annual budget consultations and use CONNECT intranet to share information		CRR COU 002	Internal Controls	Communications Strategy			
	Housing & Community Safety working with Vanguard Scotland to redesign & simplify processes, focussing on customers, efficiency and other key operational priorities		CRR HCS 001		Making Clackmannanshire Better Programme			
	Launch new vision for Making Clackmannanshire Better programme		CRR SCS 004		Trade Union Communications Protocol			
Latest Note	Senior Managers' Forum briefed on MCB, and programme is being refreshed and refocused, informed by this year's budget consultation. Project/change areas have been regrouped under the 4 themes of: Clear Policy Priorities, Income & Savings, Making Efficiencies and Transformation of Services.							

✔ Low - 9 or below
 ▲ Medium - 10 to 15
 ● High - 16 or above
 | Rating has increased
 ▬ Rating is consistent
 D Rating has decreased
 N Newly added
 R Remove from log

Poor Information & Knowledge Management		Priority Outcome(s)	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	I
COU CRR 009				Current Rating	20	Target Rating	16
Description	Organisational information and knowledge are not effectively managed due to poor information sharing, records and absence management and succession planning, increased dependence on IT systems and unrecorded knowledge held by staff members.						
Potential Effect	Increased difficulty and time to access information and loss of tacit information and knowledge when staff leave or are absent, resulting in duplication or non-completion of (possibly statutory) duties. Loss of productivity when systems do not operate effectively, causing frustration and impact on staff morale.						
Related Actions	2015/16 Internal Audit Plan		CRR RAG 007	Internal Controls	People Strategy		
	Deliver actions and projects required to support the outcomes of the Making Clackmannanshire Better Programme. Particular focus on Workstream 5, making the Organisation Stronger.		RAG RAG 005		Information & Communication Technology Strategy		
					Information Management Strategy		
Latest Note	Work ongoing on Freedom of Information and Data Protection, including follow-up on internal audit of Information Governance, and Business Continuity Plans being revised in light of move to Kilncraigs. Likelihood increased due to workforce contraction and associated loss of, sometimes extensive, service knowledge.						

Inadequate Co-ordination of Partnerships		Priority Outcome(s)	5. Vulnerable people and families are supported; 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	D
COU CRR 028				Current Rating	16	Target Rating	12
Description	Loss of influence and accountability through failure to effectively manage partnerships due to lack of clear purpose, delivery model, or resource-sharing or performance management arrangements. Particular risk to major partnerships, such as Shared Services, Health & Social Care and Community Planning Partnership.						
Potential Effect	Failure to meet efficiency, customer or statutory needs/requirements, significant consequences for vulnerable groups and reputational implications. Need for further redesign, recruitment, retraining or retendering, reduced momentum for further integration and impact on staff morale and productivity.						
Related Actions	Progress joint resourcing and service redesign with Clackmannanshire Alliance as part of MCB workstream on Integrated & Sustainable Services		CRR SCS 003	Internal Controls	Single Outcome Agreement		
	Implement the commitments & arrangements approved in the Health & Social Care Integration Scheme during the statutory 'shadow year' (2015/16)		CRR SOS 001		Shared Services Programme Board		
	Use Shared Services Business Case (once available) to examine & progress (if applicable) lead authority model		CRR STP 002		Health & Social Care Transitional Board		
Latest Note	Shared Services Business Case in late stages of development by Earnst & Young. Health & Social Care Integration Scheme approved and being implemented, with senior officers appointed. Review of SOA and Community Planning being conducted as part of MCB. External Audit and Annual Governance Statement findings on other partnerships, including around ALEOs and deployment of Procurement practices, also being progressed at a corporate and service level.						

Harm to Child(ren)		Priority Outcome(s)	5. Vulnerable people and families are supported; 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	-
COU CRR 011				Current Rating	15	Target Rating	10
Description	A lack of intervention or action by the Council fails to prevent the serious harm of a child/children.						
Potential Effect	The effects of the injury or death on the individual, family, friends and staff members, and reputational harm or criminal proceedings, with associated costs, as well as the impact of reputational damage and negative publicity on morale, workforce development and sustainability.						
Related Actions	Action Plan - Care Inspectorate Joint Inspection of Services for Children & Young People in Clackmannanshire & Stirling	CRR STP 001	Internal Controls	Corporate Parenting Strategy Early Years Framework Child Protection Performance & Quality Assurance Framework			
Latest Note	Care Inspectorate joint inspection of Clacks and Stirling Community Planning area in early 2014. Performance assessed as 'good' for 3 themes, 'adequate' for 5 and 'weak' for 1. Action plan developed through multi-agency group and provided to Care Inspectorate. Care Inspectorate follow-up assessment of progress in May-15 - progress has been made but risk score will not be adjusted until externally confirmed (findings not available at the time of producing this report).						

Inability to Respond to Changing Demographics		Priority Outcome(s)	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	-
COU CRR 005				Current Rating	15	Target Rating	10
Description	The Council is unable to appropriately redesign services due to not predicting or acting on predictions of changing needs and demand, in areas such as the 'ageing population' (including more single-person households) and increasing school roles.						
Potential Effect	Inappropriate allocation of resources and assets, misalignment of corporate objectives with customer needs, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to situations that have not been planned for.						
Related Actions	Continue to improve the school estate so that children and young people are able to attain, achieve and flourish.	CRR EDU 001	Internal Controls	Customer Consultation & Communication			
	Housing & Community Safety working with Vanguard Scotland to redesign & simplify processes, focussing on customers, efficiency and other key operational priorities	CRR HCS 001		Budget Challenge & Financial Monitoring			
	Shift the balance of care towards effective care at home	SOS SSS 034		Community Engagement Process			
Latest Note	Improved availability, accuracy and use of data on demand-led pressures, customer insight, performance and demographics in 2015/16 budget-setting process, and work around community engagement (and planning) ongoing. Further work required to demonstrate how this informs decisions on service redesign, and a re-alignment of customer expectations may be required as the Council must shift focus from customer preference to customer need.						

Low - 9 or below Medium - 10 to 15 High - 16 or above

Rating has increased

Rating is consistent

Rating has decreased

Newly added

Remove from log

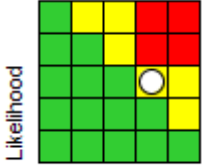
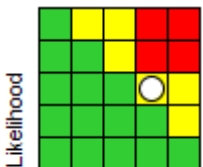
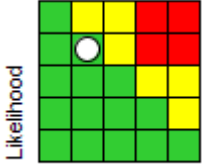
Major Governance Failure		Priority Outcome(s)	9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	I
COU CRR 033				Current Rating	15	Target Rating	10
Description	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls of procedures.						
Potential Effect	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery.						
Related Actions	External Audit Action Plan (2013/14 Audit) - see action updates below		COU EXA	Internal Controls	Scheme of Delegation		
	Governance Improvement Plans across all services		CRR RAG 001		Resources & Audit Committee		
	2015/16 Internal Audit Plan		CRR RAG 007		Governance & Audit Processes		
Latest Note	Governance and audit processes identify improvement actions and scrutiny of action plans is improving. Work to improve awareness of governance issues and adherence to controls and processes is ongoing. The 2014/15 Annual Governance Statement process has identified areas of good practice and areas for improvement (see separate report).						




Terrorism and Serious Organised Crime		Priority Outcome(s)	1. The area has a positive image and attracts people and businesses; 4. Our communities are safer; 6. Substance misuse and its effects are reduced	Status		Change Since Last Review	N
COU CRR 035				Current Rating	12	Target Rating	8
Description	A terrorist incident (or other malicious attack) or serious organised crime (involving drugs, violence, fraud, money laundering or human trafficking) causes physical or financial harm to individuals, communities or the Council.						
Potential Effect	Casualties and fatalities, damage to property and infrastructure, need for evacuation or temporary housing for those affected and potential for wider economic damage. Financial harm to individuals, businesses or the Council. Direct or indirect disruption to Council services and associated reputational and/or legal implications.						
Related Actions	Implement actions and requirements of the National Fraud Initiative		CRR RAG 008	Internal Controls	CONTEST Working Groups (FV & Clacks)		
	Implement the Clackmannanshire Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy		CRR SCS 005		Forth Valley Partnerships (Resilience and Alcohol & Drugs)		
	Implement actions from Divert and Deter strands of Let Scotland Flourish Strategy		CRR SCS 006		Anti-terrorism Staff Training		
Latest Note	Local, regional and national responsibilities, working groups and strategies/delivery plans have been established (local elements approved by CMT), with the Head of Strategy & Customer Services as the nominated point of contact. Recruitment and working practices reflect potential risk of corruption and many existing processes developed, such as Housing/Legal checks for money laundering when cash payments made for Council houses.						


Council & Community Impact of Welfare Reform		Priority Outcome(s)	1. The area has a positive image and attracts people and businesses; 5. Vulnerable people and families are supported	Status		Change Since Last Review	-
COU CRR 032				Current Rating	12	Target Rating	12
Description	The welfare reform agenda increases deprivation in the area, removes between £8 million and £10 million from the local economy and requires the Council to provide additional services and support due to a national priority of reducing welfare expenditure.						
Potential Effect	Potential reversal of efforts to reduce deprivation and improve economic development in the area, as well as reputational, budget and staffing implications of providing new services (the impact of the transfer to Universal Credit cannot yet be quantified).						
Related Actions	Housing & Community Safety working with Vanguard Scotland to redesign & simplify processes, focussing on customers, efficiency and other key operational priorities		CRR HCS 001	Internal Controls	Welfare Reform Working Group		
	Appoint Income Maximisation Officer within the Housing & Community Safety Service to support individuals and families		CRR HCS 002		Crisis & Community Grants Housing Options Service		
Latest Note	In addition to Clacks Works and Housing Options, a multi-agency group is producing plans and advising at a local and national level. Continued funding secured, lower than expected uptake of Discretionary Housing Payments and difficulties with rent increase inflation now likely to be less severe than predicted. Universal Credit being implemented in 2015/16 and risk likely to increase.						


Health & Safety Non-compliance		Priority Outcome(s)	7. Health is improving and health inequalities are reducing; 9. The Council is efficient, effective and recognised for excellence	Status		Change Since Last Review	-
COU CRR 012				Current Rating	12	Target Rating	8
Description	A Health & Safety incident results in the injury to or death of a staff member or customer due to lack of awareness of or non-compliance with policies and procedures. Such incidents may also arise from the actions of third parties, whose activities may be outwith the direct control of the Council.						
Potential Effect	The effects on individuals and their families, financial penalties (including HSE intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.						
Related Actions	Health & Safety Internal Audit Action Plan		CRR RAG 004	Internal Controls	Health & Safety Management System		
					Maximising Attendance & Employee Wellbeing Policy Potentially Violent Persons Register		
Latest Note	This risk had previously been removed from the corporate log but some areas for improvement have been identified through an Internal Audit, conducted in advance of launching a new Health & Safety Management System. Actions have been identified in response to the audit findings, many of which relate to services not adhering to corporate H&S policies and procedures. These actions will be progressed and the Management System re-launched.						


Approach Tolerate


Failure to Prepare for Severe Weather Events		Priority Outcome(s) 1. The area has a positive image and attracts people and businesses; 4. Our communities are safer	Status	▲	Change Since Last Review	-
COU CRR 031			Current Rating	12	Internal Controls	
Description	Inability to respond to impact of severe weather events on workforce or community due to lack of appropriate planning. Could include local events (flooding from rainfall or coastal surges, hazardous winter weather or heatwaves) or wider events (volcanic activity and wind patterns causing air traffic disruption).		Likelihood 	Impact	Forth Valley Local Resilience Partnership	
Potential Effect	See Statement of Preparedness. Widespread community dislocation, damage to properties, businesses, roads and utility infrastructure (including telecoms or power loss), or inability of staff to get to workplace. Increased workload in Emergency Planning, Housing, Roads and Customer Services, resulting impact on service delivery, reputation and finances. (Previously recorded as part of 'Failure to Adapt to a Changing Climate', see below).				Business Continuity Plans	
					Winter & Flood Management Plans	
Public Health Emergency		Priority Outcome(s) 7. Health is improving and health inequalities are reducing; 9. The Council is efficient, effective and recognised for excellence	Status	▲	Change Since Last Review	D
COU CRR 022			Current Rating	12	Internal Controls	
Description	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic.		Likelihood 	Impact	Business Continuity Plans	
Potential Effect	See Statement of Preparedness. Depending on the nature of the health emergency, potentially short- and long-term health implications for members of the public and staff absence if either ill themselves or caring for family and/or friends. Substantial disruption to back-office support functions and front-line service provision, including to customer groups already considered vulnerable. Likelihood has reduced as previous report was during flu season and ebola outbreak.				Pandemic Flu Plan	
					Major Incident Operational Procedures	
Industrial Unrest		Priority Outcome(s) 9. The Council is efficient, effective and recognised for excellence	Status	✔	Change Since Last Review	R
COU CRR 023			Current Rating	8	Internal Controls	
Description	Industrial action by Council staff (including shared service staff employed by Stirling Council), partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.		Likelihood 	Impact	Business Continuity Plans	
Potential Effect	Impact on staff morale and productivity with associated impact on service delivery, costs and reputation, as well as impact on customers dependent on services. In the case of partner or supplier strike action, we may decide not to complete all aspects of normal service delivery during strike action. As Business Continuity & Resilience planning mitigate the impact of strike action to a tolerable level, it is recommended that this risk be removed from the corporate log, to be managed via service logs, as the cause of this risk (i.e. poor staff engagement) is now the greater focus for the organisation.				Forth Valley Local Resilience Partnership	
					Trade Union Communications Protocol	


 Low - 9 or below  Medium - 10 to 15  High - 16 or above

 Rating has increased




 Rating is consistent




 Rating has decreased

 Newly added

 Remove from log

Appendix B - Statement of Preparedness 2014/15

Risk, Score & Assessment	Impact Category	Consequence Description & Scale		Internal Controls	External Controls
Flu pandemic  12 Developing (see below)	Social	<ul style="list-style-type: none"> Care for People Service delivery 	High	<ul style="list-style-type: none"> National Flu Pandemic Plan Business Continuity Plan Emergency Response Plan Major Emergency Operational Procedures Manager Resilience Training and Exercising at local and national level. 	<ul style="list-style-type: none"> Local Resilience Partnership (LRP) Care for People Framework NHS Planning Framework LRP and RRP (Regional Resilience Partnership) Mass Fatalities Framework LRP and RRP Public Communications Framework Scotland-wide 5 month exercise
	Health	<ul style="list-style-type: none"> Primary Care Public Health Fatalities 	Very High		
	Economic	<ul style="list-style-type: none"> Business Continuity Impact on local economy 	High		
	Environment	<ul style="list-style-type: none"> Environmental damage Clean up 	Low		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	Very High		
Flooding due to abnormally intense rainfall and/or coastal flooding from high tides and tidal surges  12 Developing (see below)	Social	<ul style="list-style-type: none"> Care for people Property Service delivery 	High	<ul style="list-style-type: none"> Roads & Flood mgmt plans (being updated in view of 13/14 tidal surges) Business Continuity Plan Emergency Response Plan Major Emergency Operational Procedures SCG & volunteer training (12/13) using Clacks scenarios/events, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system. 2013/14 Recruitment of Incident Assistance Team from 3 Forth Valley Councils for large-scale traumatic incidents 	<ul style="list-style-type: none"> LRP Emergency Response Framework LRP Resilience & Preparedness Framework Care fro People Framework LRP/ RRP Public Communications Framework LRP Voluntary Sector Coordinating Group and Single Point of Contact RRP Resilient Telecoms working group Adoption of Resilience Direct
	Health	<ul style="list-style-type: none"> Primary Care Casualties Fatalities 	Med		
	Economic	<ul style="list-style-type: none"> Local Economy Business Continuity 	High		
	Environment	<ul style="list-style-type: none"> Environmental damage Clean up 	High		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	Med		
Negative impact of climate change  9 Developing (see below)	Social	<ul style="list-style-type: none"> Care for people Property Service delivery 	High	<ul style="list-style-type: none"> Sustainability & Climate Change Strategy Local Biodiversity Action Plan Carbon Management Plan Energy Strategy Flood Management Plan Roads Asset Management Plan Business Continuity Plan Emergency Response Plan Major Emergency Operational Procedures 	<ul style="list-style-type: none"> Local Resilience Partnership (LRP) Care for People Framework NHS Planning Framework LRP Emergency Response Framework LRP Resilience & Preparedness Framework LRP and RRP Mass Fatalities Framework LRP Public Communications Framework
	Health	<ul style="list-style-type: none"> Primary Care Casualties Fatalities 	Med		
	Economic	<ul style="list-style-type: none"> Local Economy Business Continuity 	High		
	Environment	<ul style="list-style-type: none"> Environmental damage Clean up 	High		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	High		

 Low - 9 or below
  Medium - 10 to 15
  High - 16 or above

Way Ahead

1. Short life multi-agency sub-group has been established through LRP to identify more efficient and effective processes for partner agencies to identify "persons at risk" focussing on data sharing and data quality. Agreement has now been reached with Forth Valley NHS and the 3 Councils to pre-prepare data for this purpose. Update - still ongoing with trials run in Falkirk with FVNHS.
2. NHS Forth Valley developing local framework in consultation with Category 1 member organisations.
3. RRP Resilience and Preparedness Sub group are currently reviewing the generic recovery framework following national exercise in November 2013 - ALBAN TARGE
4. Communication Framework being reviewed in light of outcomes from national exercise
5. Clackmannanshire will contribute as a Category 1 member to these national frameworks and continue to review local plans and revise as appropriate
6. A number of Senior Managers have undergone Tactical Managers Training with further training scheduled for May 2014. This will increase knowledge and capacity within the organisation to prepare, respond and recover from the impact should these risks be realised

During 2013 there have been a number of weather related incidents that have continued to exercise managers in Resilience. Major gales and Coastal Flooding in late 2013 and early 2014 have continued to provide real life Care for People and recovery experience.

Capability Maturity Levels - Defined

Developing	Not all risk critical elements of the capability to meet the required response are in place. Further capability development to achieve the required response will be progressed locally and/or part of the multi agency LRP/RRP capability development programme.
Achieving	All capability development to meet the risk critical elements of the response has been undertaken. Areas to improve the response have been identified and will be progressed locally and/or as part of the LRP/RRP capability development programme.
Maintaining	The LRP/RRP has a fully mature capability and in addition to this an active programme of monitoring and reviewing is in place to progress lessons identified and learnt at appropriate intervals. Further to this, maintenance of skills programme for responders has been developed and implemented.

Additional Information

Given the restructuring of Police and Fire Services in Scotland the restructure of the Strategic Coordinating Groups, change is still taking place. Local Resilience Partnerships (LRPs) are now well established having locally directly replaced the SCG in Tactical matters. The Forth Valley LRP has now met for real twice in response to flooding.

Whilst the member organisations which constitute category 1 responders remain as before geographical and administrative changes to structure and deployment are being implemented. As new structures become better established, this will provide further need and opportunity to review and refresh operational training procedures and processes.

This is particularly the case with the development of the larger Regional Resilience Partnerships. There is an effort being made to avoid duplication between LRP and RRP planning and Exercising.

Appendix C - External Audit Action Plan (2013/14 Audit)

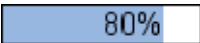

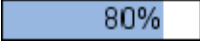

Summary: Overall Progress:





Out of 13 actions:  Already complete: 7  Will complete within target: 3  Will complete outwith target: 3  Will fail to complete: 0

Priority 1 (Red) - High risk requiring urgent attention (None identified)



Priority 2 (Amber) - Potential to become high risk if not addressed promptly (3 identified)



COU EXA 001	Making Clackmannanshire Better – detailed benefits realisation planning		Due Date	31-Mar-15
Recommendation	Management needs to complete its detailed benefits realisation planning process for delivering the financial and non financial benefits from the MCB programme. This process needs to fully integrate the various benefits realisations steps, some of which individually are already in place within the Council. Once completed, the integrated benefits realisation planning process should also be communicated to all key programme stakeholders to ensure there is visibility, engagement and understanding of the approach being applied.		Owner	Head of Strategy & Customer Services
Management Comments	01-Apr-15	CMT has developed the approach to benefits realisation over the last 6 months. The budget challenge process (which was formerly the main vehicle for planning and tracking benefits) is now more firmly integrated with the core MCB programme. A series of reviews designed to ensure service designs are sustainable was agreed by Council in February 2015. Programme infrastructure, and stakeholder arrangements have been reviewed and approved.	Progress	
	22-Oct-14	This has since been considerably developed was considered by CMT in November 2014. The work been undertaken as part of budget development, including that of cross-cutting groups will feed into this process.		
	25-Sep-14	Work is progressing well to complete this exercise. The draft approach was presented to the MCB Steering Group on the 25 August 2014. Appropriate communication will take place once the work is completed.	Expected Outcome	
COU EXA 003	Clackmannanshire Council Sundry Trust Funds – appointment of independent trustee		Due Date	31-Mar-15
Recommendation	We recommend that consideration is given to the appointment of an independent trustee to the Board of each charity. This would remove the formal audit requirement under Section 106 of the Local Government (Scotland) Act 1973.		Owner	Head of Strategy & Customer Services
Management Comments	01-Apr-15	The Alloa Day Home Trust is the most significant fund. An independent member was appointed to its Board of Trustees during 2014/15 therefore this Trust will no longer forms part of the Council's Sundry Trust Fund Accounts. Work is ongoing to review a number of less significant charities, legacies or bequest. Many are dormant, inactive or infrequent, meeting on an ad hoc basis calling into question whether an independent trustee is the most effective solution. The resources required to undertake this are more significant than initially anticipated.	Progress	
	22-Oct-14	Work is at an early stage.		
	25-Sep-14	Management commitment to this principle was in place prior to the start of the audit process. However, timescales did not permit that this could be implemented in respect of the 2013/14 statements.	Expected Outcome	



 Already complete  Complete within target  Complete outwith target  Fail to complete



COU EXA 007	Difficulties obtaining information in relation to the reconciled Council Tax ledger		Due Date	31-Mar-15
Recommendation	We recommend that the Council ensures that a complete reconciliation is available to the audit team for the 2015 audit.		Owner	Head of Housing & Community Safety
Management Comments	01-Apr-15	Issues resolved.	Progress	
	25-Sep-14	In checking the detailed supporting information for the audit process, weaknesses in the system reporting functions of the Council tax system have been identified. Work is now being taken forward with Northgate (software supplier) to remedy this for the future. To ensure that any changes are effective, full monthly reconciliations of the Council tax system will be undertaken throughout the year and not just at year end.	Expected Outcome	



Priority 3 (Green) - Other risk factor noted (7 identified)

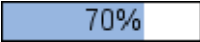

COU EXA 002	Falkirk Pension Scheme – late delivery of data return		Due Date	31-Mar-15
Recommendation	We recommend that this issue is pursued with the software supplier to ensure that the Council can supply the required information to Falkirk Pension Scheme in line with agreed timetables.		Owner	Head of Resources & Governance
Management Comments	01-Apr-15	Data returned slightly late, but without penalty, and work completed to ensure delays are reduced in 2015/16.	Progress	
	25-Sep-14	The establishment of the annual pensions return reports within the iTrent system has proved problematic and required manual intervention to complete the process. Work is in hand with Midland (iTrent software supplier) to resolve this matter for the future.	Expected Outcome	



COU EXA 004	Clackmannanshire Council Sundry Trust Funds – basis of preparation		Due Date	31-Mar-15
Recommendation	Management clearly review basis of preparation moving forward to ensure that it is consistent and correct.		Owner	Head of Resources & Governance
Management Comments	25-Sep-14	Presentational changes have been made to the 2013/14 financial statements. This did not have any financial impact on the position previously presented to elected members. The change will be applied to future years as appropriate.	Progress	
			Expected Outcome	

COU EXA 005	Criminal Justice Social Work Services – service level agreements		Due Date	31-Mar-15
Recommendation	For a sample of expenditure amounts relating to independent sector providers, the Council was unable to locate a signed service level agreement between the independent provider and the local authority, which could be used to confirm expenditure related to specified service. We recommend that the Council ensures that an SLA is put in place for this instance and that the annual review process remains a priority to ensure that SLAs are in place across the council's external/independent providers.		Owner	Head of Social Services
Management Comments	21-Oct-14	CJ services operates an SLA with APEX and WISH. A new SLA has been agreed with WISH for 14/15 (awaiting final sign off). Both these arrangements run until 31st March 15 and will be reviewed in January 2015 in advance of potential renewal in 15/16. The SLA arrangements in relation to Barnardos have been looked at in significant detail via the internal audit of 3rd sector commissioning in Aug. The outcomes of that review and any subsequent actions will be discussed signed off in Oct/Nov 14.	Progress	
	25-Sep-14	Following Internal Audit work carried out over the last 2-3 years, much has already been done to ensure that Service Level Agreements are fit for purpose and in place. Whilst there has been a general improvement corporately, further work is required to ensure that all services are aware of the operating framework and implement it consistently. The specific example will be followed up and annual checks will continue to ensure corporate compliance.	Expected Outcome	


COU EXA 006	Some key reports not available to audit at year end date		Due Date	31-Mar-15
Recommendation	We recommend that these reports are available at the year end date to avoid a time-consuming reconciliation process.		Owner	Head of Resources & Governance
Management Comments	21-Oct-14	This was a one-off issue due to the transfer of offices from Greenfield to Kilncraigs and is not expected to arise again.	Progress	
	25-Sep-14	Reports had been produced at the year end to support preparation of the draft statements. However, these were not available to the auditors during the audit process as a consequence of IT changes following the move to Kilncraigs. Checks will be implemented to ensure key reports are retained and available for audit inspection.	Expected Outcome	


COU EXA 008	Education Maintenance Allowance – archiving procedures		Due Date	31-Mar-15
Recommendation	We were unable to performed detailed testing on the first four months of the year as a result of the relevant files being misplaced during the move to Kilncraigs. We recommend that the Council review its archiving procedures to prevent this issue recurring in the future.		Owner	Head of Education
Management Comments	01-Apr-15	Having been alerted to the concern around the availability of EMA documentation due to the relocation of files during the move the Education service have taken appropriate management action to ensure that this information will be available moving forward.	Progress	
	25-Sep-14	This appears to be a one off incident. However, arrangements will be reviewed to prevent reoccurrences in the future.	Expected Outcome	


COU EXA 009	Format and contents of financial statements		Due Date	30-Sep-15
Recommendation	Clackmannanshire Council should consider CIPFA's guidance in undertaking its next scheduled review of the format and content of its financial statements, which is scheduled for next year.		Owner	Head of Resources & Governance
Management Comments	01-Apr-15	The annual statements have been reviewed in line with CIPFA guidance and comments from External Audit on the 2013/14 accounts. This has resulted in a number of changes to the format and layout of the accounts most notably a change from Portrait to Landscape and a reduction in the number of notes to the accounts by three which has resulted in a reduction in the number of pages. Further changes will be made through the annual accounts closedown process and as comments are received by external audit through the audit process.	Progress	
	25-Sep-14	A significant review of disclosures was undertaken as part of the preparation of the 2011/12 financial statements with a review by exception in the last two years. A further full review of the format and presentation of the financial statements is scheduled prior to the preparation of the 2014/15 statements. The review will be undertaken with reference to the most up to date best practice guidance.	Expected Outcome	

COU EXA 010	ALEOs – disclosure within financial statements		Due Date	31-Mar-15
Recommendation	We note that there is no disclosure of the individual voluntary organisations that the Council funds. We recommend that disclosure is included in the accounts providing details of each individual voluntary organisation including the Council role, the Council contribution and the type of services delivered.		Owner	Head of Strategy & Customer Services
Management Comments	01-Apr-15	The principle of ensuring transparency over the Council's arrangements was agreed. However, the recommendation suggested an additional voluntary disclosure which would add to the length of the Council's financial statements. On this basis, and to be consistent with previous management of this issue, it was proposed that the requirement will be addressed as part of the annual budget setting process. This action was completed when disclosure of funding was reported at the Special Council Meeting on 24 February 2015. An update report is also provided annually to Resources & Audit Committee.	Progress	
	25-Sep-14	The principle of ensuring transparency over the Council's arrangements is agreed. However, the recommendation suggests an additional voluntary disclosure which would add to the length of the Council's financial statements. On this basis, and to be consistent with previous management of this issue, it is proposed that the requirement will be addressed as part of the annual budget setting process.	Expected Outcome	

Priority not stated (3 identified)

COU EXA 011	External Body Nomination Review		Due Date	31-Mar-15
Recommendation	We recommend that the Council's continued involvement with its nominated external bodies is reviewed annually by elected members.		Owner	Head of Strategy & Customer Services
Management Comments	01-Apr-15	A register is in place and has been updated following recent changes. Following consideration, it is planned that this should be reported to Resources & Audit Committee on an annual basis. The first of these will be reported later in 2015, linking with actions EXA 003& 012 with further reports scheduled thereafter annually.	Progress	<div style="border: 1px solid black; background-color: #e0e0e0; padding: 2px;">75%</div>
	22-Oct-14	Will be considered annually as part of the budget process.	Expected Outcome	
	25-Sep-14	Accepted that the list of organisations the Council makes nominations to should be considered annually.		

COU EXA 012	Register of Council Involvement		Due Date	30-Sep-15
Recommendation	We recommend that the Council creates a formal register of Council Involvement by body to enhance the processes allowing members to better understand the risks they are exposed to through outside bodies.		Owner	Head of Strategy & Customer Services
Management Comments	01-Apr-15	This action was significantly progressed when disclosure of funding was reported at the Special Council Meeting on 24 February 2015. Work is ongoing to bring this together with that being progressed on Trusts and the External Nomination Review.		
	25-Sep-14	Accepted. Council involvement in outside bodies is monitored through a register of interest, however, following the Auditor's recommendation, we are in agreement on the need to create a formal register highlighting the scope of the Council's involvement with each body, enabling an informed assessment of continued involvement.	Progress	<div style="border: 1px solid black; background-color: #e0e0e0; padding: 2px;">75%</div>
			Expected Outcome	

COU EXA 013	Elected Member Training		Due Date	30-Sep-15
Recommendation	We recommend that the Council consider on an annual basis whether there is a requirement to provide any additional training to elected members to support and supplement the training previously provided and the guidance currently provided within the Code of Practice.		Owner	Head of Strategy & Customer Services
Management Comments	01-Apr-15	Work has been completed on this years training needs analysis, the output of which will inform this action. Training on the Code of Practice will be incorporated as part of this year's development plan.	Progress	<div style="border: 1px solid black; background-color: #e0e0e0; padding: 2px;">50%</div>
	22-Oct-14	At this stage we are researching potential providers.		
	25-Sep-14	Accepted. This will be considered as part of the training needs assessment process undertaken for elected members.	Expected Outcome	

 Already complete  Complete within target  Complete outwith target  Fail to complete