
Report To Resources And Audit Committee

Date Of Meeting: 25 February 2016

**Subject: Clackmannanshire Council Internal Audit and Fraud Annual
Plan 2016/17**

Report By: Internal Audit and Fraud Team Leader

1.0 Purpose

- 1.1. This report presents the Clackmannanshire Council Internal Audit and Fraud Annual Plan 2016/17 to Resources and Audit Committee.

2.0 Recommendations

- 2.1. It is recommended that Committee agree the Annual Internal Audit and Fraud Plan 2016/17 as set out at Appendix A, subject to it being submitted to Council for approval.

3.0 Consideration

- 3.1 The Annual Internal Audit and Fraud Plan 2016/17 identifies the assurance and fraud work that will be completed during the financial year. This work will form the basis of assurance on the Council's control environment and inform the Council's Annual Governance Statement (AGS) for 2016/17.
- 3.2 A risk based approach has been used in preparing the plan which takes account of the significant corporate and service risks currently facing the Council. The main priorities, aims and objectives of the Council and its key partners, as set out in the Single Outcome Agreement (SOA) and the Corporate and Service plans, have been subject to risk assessment work by the Internal Audit and Fraud Team. To confirm areas assessed as being of greater risk, meetings were held with senior managers across the Council and the Convenor of the Resources and Audit Committee. The External Auditors were also consulted on the findings from their review of the control environment to date.
- 3.3 Public Sector Internal Audit Standards Performance Standard 2010 states that 'The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion on the assurance framework.'
- 3.4 The attached plan has been prepared in line with these requirements.
- 3.5 Mirroring last year's approach the plan includes reviews that will be undertaken with Value for Money (VFM) as a key consideration. A VFM challenge will also be considered as part of all reviews we carry out through the year. We have identified time in the plan to cover Social Services and Education audits and more detailed planning will be undertaken with the services concerned once post shared service arrangements are more settled.

- 3.6 We have allowed an amount of contingency time to allow for this and the team is well placed to respond to organisational requirements. The plan includes work that will be carried out for the Valuation Joint Board. We will also contribute to the Internal Audit Arrangements for the Integration Joint Board (IJB). These arrangements will be provided in conjunction with Stirling Council and NHS Forth Valley. The treatment/ set of principles for what the resource transfer arrangements will be for providing support to the IJB (e.g. whether in kind, charged for etc) is yet to be developed.
- 3.7 The plan provides 102 weeks of direct audit time which is a slight reduction on last year (108 weeks) however we are proposing to undertake the same number of reviews (including IJB work). The reduction in direct audit time is a result of reassigning some internal audit resource back to counter fraud activity.
- 3.8 Responsibility for investigating Housing Benefit fraud transferred via the Single Fraud Investigation Service (SFIS) project to the DWP Fraud and Error Service (FES) in November of 2015. The total number of weeks in the plan has subsequently reduced to take account of this work (and staff resource) transferring to DWP. The Internal Audit and Fraud Team will further develop and strengthen corporate counter-fraud and error detection activity. The changing context in which local government services are delivered is happening against a backdrop of depressed economic activity in which the fraud risk tends to increase.
- 3.9 Appendix A to this report sets out the Annual Internal Audit and Fraud Plan 2016/17.

4.0 Conclusion

- 4.1 The Internal Audit and Fraud Annual Plan has been prepared in line with Public Sector Internal Audit Standards requirements and with reference to the changing fraud landscape and will provide a significant contribution to Clackmannanshire Council's governance arrangements.
- 4.2 Following approval in principle of the Annual Plan, approval will be sought from full Council on 12 May 2016.

5.0 Sustainability Implications

- 5.1 There are no sustainability implications.

6.0 Resource Implications

- 6.1 *Financial Details*
- 6.2 Not applicable

7.0 Exempt Reports

- 7.1 Is this report exempt? No

8.0 Declarations

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

(1) **Our Priorities**

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

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

Financial Regulations.

9.0 Equalities Impact

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

10.0 Legality

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

11.0 Appendices

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

Appendix A - Internal Audit and Fraud Annual Plan 2016/17

12.0 Background Papers

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

Yes (please list the documents below) No



Public Sector Internal Audit Standards.

Clackmannanshire Council Corporate Risk Register

Author(s)

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

Approved by

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

Audit Area	Service	Weeks	Quarter	Scope
Corporate Governance Arrangements				
Annual Assurance Report	Corporate	6	Q4	This includes preparing an annual report for the Committee and input into the Annual Governance Statement (AGS) assurance process for the 2016-17 accounts.
Corporate Arrangements				
Governance- Council, Committees and Executive	Corporate	5		To consider arrangements for ensuring that decisions taken are implemented and monitored at different levels.
Social Media	Corporate and Strategy and Customer Service	5		Controls over the use of Social Media.
Service Audits				
HSCI	Social Services	4		Reporting arrangements from the Integration Joint Board to Clackmannanshire Council.
Housing Revenue Accounts	Housing and Community Safety	4		Compliance with 'Guidance on the Operation of Local Authority Housing Revenue Accounts (HRAs) in Scotland'
Validation of Climate Change Submission	Development and Environment	2		Validation of report on compliance with climate change duties as set out in Climate Change (Scotland) Act Part IV.
H&S Management Systems	Development and Environment.	5		Health and Safety management systems within D&E
Education- 1	Education	4		Outline scope to be discussed once new Head of Service is in post.
Education- 2	Education	4		Outline scope to be discussed once new Head of Service is in post.
Budget Management and Monitoring	Social Services	4		To assess budget management and monitoring arrangements within Social Services

Audit Area	Service	Weeks	Quarter	Scope
Social Services	Social Services	4		Outline scope to be discussed once arrangements post shared service are in place.
R&G Performance Management	Resources and Governance	5		Systems for recording and reporting R&G performance to client services.
Progress of the New Housing IT System Project	Housing and Community Safety	4		To provide 'gateway review' challenge at various stages of the development of the new housing IT system.
Targeted Follow Ups				
Debt Recovery and Housing Benefit (Vanguard Impact)	Housing and Community Safety	4		To consider improvements made to Housing Benefit and Debt Collection performance.
Financial Systems & Procedures				
Implementation of the new Finance System.	Resources and Governance and Corporate	5		Implementation of the new finance system.
Insurance	Resources and Governance	4		Insurance arrangements across the Council
VFM				
Stock Control	Corporate	5		Stocks and stores are controlled in line with Financial Regulations.
Land and Property Asset Management	Resources and Governance and Development and Environment.	5		Arrangements for Recording, maintaining and leasing land and property assets.
ICT Strategy Implementation	Resources and Governance	4		Extent to which implementation supports transformation including potential efficiencies through identifying overlapping systems.
Procurement	Resources and Governance an Corporate	4		Achievement of budget savings through procurement activity.

Audit Area	Service	Weeks	Quarter	Scope
Contingency				
Contingency	Various	4	Q1 to Q4	Contingency time to undertake reactive and audit advice work. Commissioned by management in response to specific concerns or circumstances.
Corporate Fraud				
Fraud and Error Prevention and Detection	Internal Audit and Fraud	23	Q1 to Q4	This involves fraud detection measures including corporate investigations (including Council Tax Reduction Scheme), Data Matching and application of appropriate sanctions.
Whistleblowing	Coprorate	4	Q2 to Q4	Update corporate whistleblowing procedures.
National Fraud initiative	All Services submitting data	3	Q1 to Q4	The Audit and Fraud Team will lead on this national initiative, planning and co-ordinating services data submissions.
Fraud Awareness and Training	All services	3	Q2 to 4	Deliver training across the services for managers and Team Leaders. This will include RIP(S)A awareness raising.
Other				
Follow Up		2	Quarterly	This will follow up the progress of recommendations from previous reports.
Annual Planning		2	Q4	Preparation of the 2017/18 Annual Plan.
Valuation Joint Board				
Annual Assurance Report	Valuation Joint Board	2	Q4	This includes preparing an annual report for the Committee and input into the Annual Governance Statement (AGS) assurance process for the 2016-17 accounts.

Audit Area	Service	Weeks	Quarter	Scope
TBC	Valuation Joint Board	2	Q4	Scope will be determined following discussion with Assessors.
Integration Joint Board				
Audit Area				
TBC	Integration Joint Board	3		TBC- Contribution to IJB Internal Audit arrangements in conjunction with Stirling Council sand NHS Forth Valley.
Total Time Allocated to Annual Plan		135		