
Report to: Audit and Finance Committee

Date of Meeting: 15 September 2016

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 2016/17 which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.
- 1.2. The report also provides an update on the progress of implementation of recommendations 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 2016/17.

3.0 Considerations

Progress Against 2016/17 Plan

- 3.1. Progress on completion of the Assurance element of the Annual Plan 2016/17, is summarised in the table below, with more detail being provided in **Appendix A**.

Status of Audits		%
To be Commenced	10	53
Onsite/On going	5	26
Draft Report Issued	4	21
Final Report Issued	0	0
Total	19	100%

- 3.2. 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 B** and cover the following reviews;
 - Validation of Climate Change Submission

- Housing Revenue Accounts
- R & G Performance Management

Final Reports - Assurance

3.3. The following reports from the 2015/16 plan are provided for:-

- Workforce Planning (**Appendix C**)
- HSCI Due Diligence (**Appendix D**)
- ICT Asset Management Plan and Contract Management (**Appendix E**)
- Fleet Management (**Appendix F**)
- Progress of the New Financial System Project (**Appendix G**)

The following reports from the 2016/17 plan are provided for:-

- Social Media (**Appendix H**)
- Progress of the New Housing IT System Project (**Appendix I**)
- Insurance (**Appendix J**)
- Stock Control (**Appendix K**)

Fraud

3.4. The team have been liaising with Head of Strategy and Customer Services to contribute to a number of initiatives on countering Serious and Organised Crime. The team have also been involved in specific investigations which are reported directly to relevant head of service. Counter fraud training has been provided to the Procurement Matters Group.

3.5. The National Fraud Initiative (NFI) is a bi-annual counter-fraud exercise currently managed by the Audit Commission and administered in Scotland by Audit Scotland on behalf of local authorities and other public bodies. The NFI uses computerised techniques to compare information about individuals held by different public bodies and on different financial systems to identify potential inconsistencies or circumstances between data held that requires further investigation. Inconsistencies between datasets are then investigated to identify possible fraud and/or error, stop overpayments and, where possible recover the sums involved.

3.6. The 2016/17 NFI exercise has now started. There are two phases of the exercise with Phase 1 being data extract and upload and Phase 2 being investigation. Internal Audit and Fraud are responsible for co-ordinating the NFI exercise and reporting the progress of investigations to Audit Scotland. Internal Audit and Fraud will also liaise with services and provide guidance, where necessary. The plan for phase 1 is attached at **Appendix L**.

Progress of Follow Up

- 3.7. Agreed Management actions arising from previous Internal Audit Reports are now being recorded on Covalent and will be reported through Scrutiny Committee. The progress made by Officers on these agreed actions is summarised in **Appendix M** and where not sufficiently implemented, progress to date and revised completion dates have been agreed.

Conclusion

- 3.8. Work is now complete on reviews from the 2015/16 plan, with draft or final reports being issued for all reviews. Work on the 2016/17 plan has now started. Further progress has been made on implementing and addressing recommendations from previous reports.
- 3.9. 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 2015/16 Internal Audit and Fraud Annual Plan

Appendix B - Terms of Reference

Appendix C - Workforce Planning

Appendix D - HSCI Due Diligence

Appendix E - ICT Asset Management Plan and Contract Management

Appendix F - Fleet Management

Appendix G - Progress of the New Financial System Project

Appendix H - Social Media

Appendix I - Progress of the New Housing IT System Project

Appendix J - Insurance

Appendix K - Stock Control

Appendix L - NFI Project Service Plan 2016-17 Phase 1

Appendix M - 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)

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Approved by

NAME	DESIGNATION	SIGNATURE
Stephen Coulter	Head of Resources and Governance	
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Audit	Audit Weeks	Annual Plan	Service	Progress
Governance				
Annual Assurance Report	6	2016-17	Corporate	To Be Commenced
Assurance				
Governance- Council, Committees and Executive	5	2016-17	Corporate	To Be Commenced
Social Media	5	2016-17	Corporate and Strategy and Customer Service	Draft Report Issued
HSCI	4	2016-17	Social Services	To Be Commenced
Housing Revenue Accounts	4	2016-17	Housing and Community Safety	Ongoing
Validation of Climate Change Submission	2	2016-17	Development and Environment	Ongoing
H&S Management Systems	5	2016-17	Development and Environment.	To Be Commenced
Education- 1	4	2016-17	Education	To Be Commenced
Education- 2	4	2016-17	Education	To Be Commenced
Budget Management and Monitoring	4	2016-17	Social Services	To Be Commenced
Social Services	4	2016-17	Social Services	To Be Commenced
R&G Performance Management	5	2016-17	Resources and Governance	Ongoing
Progress of the New Housing IT System Project	4	2016-17	Housing and Community Safety	1 st Interim Draft Report Issued
Debt Recovery and Housing Benefit (Vanguard Impact)	4	2016-17	Housing and Community Safety	To Be Commenced
Implementation of the new Finance System.	5	2016-17	Resources and Governance and Corporate	To Be Commenced
Insurance	4	2016-17	Resources and Governance	Draft Report Issued

PROGRESS ON APPROVED INTERNAL AUDIT ANNUAL PLAN 2016/17

APPENDIX A

Audit	Audit Weeks	Annual Plan	Service	Progress
Stock Control	5	2016-17	Corporate	Draft Report Issued
Land and Property Asset Management	5	2016-17	Resources and Governance and Development and Environment.	Ongoing
ICT Strategy Implementation	4	2016-17	Resources and Governance	To Be Commenced
Procurement	4	2016-17	Resources and Governance and Corporate	Ongoing
Fraud				
Fraud and Error Prevention and Detection	23	2016-17	Internal Audit and Fraud	Ongoing
Whistleblowing	4	2016-17	Corporate	To Be Commenced
National Fraud Initiative	3	2016-17	All Services submitting data	Ongoing
Fraud Awareness and Training	3	2016-17	All services	Ongoing
Other				
Follow Up	2	2016-17		Ongoing



INTERNAL AUDIT TERMS OF REFERENCE

SERVICE: Development and Environment

AUDIT AREA: Validation of Climate Change
Submission

AUDIT YEAR: 2016/2017

INTRODUCTION AND SCOPE

The Climate Change (Scotland) Act 2009 defines public bodies' climate change duties. The Scottish Government has set targets, which are set out in the Act and are a 42% reduction in greenhouse gas emissions by 2020 and an 80% reduction by 2050. The Council has a duty to contribute to this. There is a strong expectation that each public body will set its own targets for reducing greenhouse gas emissions from its own estate and operations, through a Carbon Management Plan.

The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order - requires annual reporting, and sets out the format of the report. The reporting is intended to help with Public Bodies Duties compliance, engage leaders and encourage continuous improvement. A standardised report will assist in providing accurate and consistent performance information to inform direction and decision making. The order requires relevant public bodies to prepare reports on compliance with climate change duties. The first full mandatory report for 2015-16 data and activities is due to be submitted by 30th November 2016.

Sustainable Scotland Network (SSN) have issued a formal guidance note for Public Bodies climate change duties 2015/16 report. The guidance covers the completion of the online reporting form and how to enter the information in the correct format. The guidance also covers requirements for the validation of information and the importance of introducing internal and/or external arrangements to help ensure the quality of figures and information contained in the climate change report. Internal Audit will help meet the validation requirements by providing assurance on the accuracy and authenticity of the 2015-16 data in the report.

The scope of the audit will focus on validating the Climate Change Return to ensure the figures are and accurate and comply with the requirements of Part IV of the Climate Change (Scotland) Act 2009.

RISKS

The following risks could prevent the achievement of the objectives of an accurate and timely climate change submission and have been identified as within scope for this audit;

- Climate change figures are inaccurate, are not compliant with the reporting requirements and do not reflect current practice.

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:** Housing and Community Safety**AUDIT AREA:** Housing Revenue Accounts**AUDIT YEAR:** 2016/2017**INTRODUCTION AND SCOPE**

The Housing (Scotland) Act 1987 set out the requirements for local authorities to maintain a dedicated Housing Revenue Account (HRA) in relation to their housing stock.

In February 2014 The Scottish Government issued Guidance on the Operation of Local Authority Housing Revenue Accounts in Scotland. This Guidance summarises the legal basis for having a separate council landlord account and lists the accounting and auditing protocols which local authorities must adhere to when submitting their housing accounts to Audit Scotland. The aim of the Guidance is to ensure that tenants of local authorities receive the maximum benefit from their rents and ultimately the best standards of service. It will assist in promoting consistency in the way in which HRAs operate in Scotland and in by promoting the efficient use of resources. It will also help ensure transparency in the operation of the account and the recording of financial information so that tenants can better understand how their housing service is delivering benefit to them and at what cost.

The scope of this audit will be to review HRA transactions to ensure compliance with the Guidance on the Operation of Local Authority Housing Revenue Accounts in Scotland.

RISKS

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

- HRA policies and procedures are poorly defined or unclear leading to erroneous transactions and non compliance with National Guidance.
- HRA transactions not clearly documented leading to inconsistencies and a lack of transparency.
- Failure to implement clear and effective management information and reporting systems leading to absence of robust monitoring and challenge by stakeholders and failure to demonstrate value for money.

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:** Resources and Governance**AUDIT AREA:** Performance Management**AUDIT YEAR:** 2016/2017**INTRODUCTION AND SCOPE**

The Resources and Governance core functions include:

- Accountancy (Budget Management and Financial Accounting)
- Governance (Human Resources, Legal Services, Health & Safety, Democracy, Internal Audit and Fraud)
- Information Technology
- Asset Management (Cleaning, Catering, Caretaking and Project Management and Design)

Resources & Governance Services aims to ensure that financial and human resources, building assets IT systems and governance processes facilitate the delivery of the Council's corporate priorities in a legally compliant, cost efficient and effective way.

The Scope of this audit will be to review the adequacy of the Resources and Governance Performance Management Framework in achieving core aims and objectives. The performance management of Internal Audit and Fraud is out with the scope of this review.

RISKS

The following risks could prevent the achievement of the objectives of Resources and Governance Performance Management, or result from the non-achievement of the objectives, and have been identified as within scope for this audit;

- Business objectives are not being met;
- Inaccurate performance information; and
- Inadequate monitoring of performance results in not identifying and implementing areas for improvement.

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 Workforce Planning. The review forms part of the Internal Audit and Fraud Plan for 2015/16, which was recommended to full Council for approval by the Resources and Audit Committee on 26 February 2015.

1.2 Workforce planning is about having the right level of skills and experience in the organisation to achieve current and future objectives.

1.3 The Council agreed the Interim Workforce Strategy and Organisational Change Procedure in October 2015 and in February 2016 after further consultation agreed the Severance Policy and Redeployment Policy. All these documents together form the Council's Workforce Planning Framework

1.4 The Council's Workforce Strategy sets out the Council's proactive approach to the recruitment, retention, support and development of its staff..

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to review the key controls in place surrounding the Council's Workforce Planning arrangements. At the time of this review Service Workforce Plans were still being developed and the voluntary redundancy and voluntary severance process was ongoing. It has been recognised that this review will report on the current status of the workforce planning framework and planned developments with a further review of this area will be considered as part of future audit plans.

2.2 Internal Audit, in conjunction with the Head of Resources and Governance, identified the key risks relating to the Workforce Planning Process. At the time of this review the Workforce Planning Policies had been recently approved by the Council and they were still in the process of being implemented. As a result our review is restricted to the early stages of workforce planning and our assurance opinion is restricted to this period. We can provide overall **reasonable** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Workforce Planning roles and responsibilities and procedures are poorly defined or unclear leading to lack of ownership and failure to actively manage the workforce.	Reasonable
Inadequate consultation with stakeholders.	Reasonable

3. FINDINGS

3.1 We can provide reasonable assurance that Workforce Planning (WFP) roles and responsibilities and procedures are clearly defined. The Council has approved a WFP Framework that consists of the following policies and procedures: Interim Workforce Strategy, Organisational Change Procedures, Severance Policy and Redeployment Policy. The WFP Framework's key aim is to proactively manage a contraction in staff resources in the medium to long term, whilst delivering a contribution to the savings requirement in the short term. It also seeks to provide greater clarity and support for staff and minimise anxieties that the increasing pace and momentum of the managed contraction will likely bring. It is anticipated that this interim plan and subsequent work will evolve and become more detailed as key decisions regarding the Council are made.

3.2 The interim Workforce Strategy (WFS) represent the Council's commitment to create a sustainable and affordable workforce. It details the Council's priorities for the future, and outlines the work required which will help develop the workforce in the medium to long term. The WFS states that it should be updated on a regular basis in order to reflect the Council's Policy and practices. There is no formal timetable for regular review of the WFS. (Finding 5.1)

3.3 The organisational Change Procedure, one of the key tools that supports the WFS, was approved by the Council on 22/10/15. This procedure sets out the Council's approach to managing human resources implications of organisational change. It details the Council, Management and HR responsibilities for engaging with Trade Unions and staff prior to and during organisational change.

3.4 The Severance Policy was agreed by the Council on 23/2/16. Should there be a requirement to reduce the staffing establishment this policy sets out the mechanisms to be used. The aim of the Policy is to ensure that all employees will be treated fairly and that the process applied is transparent. The Policy details the conditions and arrangements for voluntary severance and redundancy. The Policy dictates the roles of the key officers and Services. The severance policy provides scope for Compulsory Redundancy but the decision to go for Compulsory Redundancy should be made by the Council with regard to the prevailing policy and financial circumstances. At the time of this review the voluntary redundancy and voluntary severance process was ongoing. The application and compliance with this policy will be considered for review as part of future audit planning processes.

3.5 The redeployment policy was agreed by the Council on 23/2/16. The Policy states that "the Council will redeploy employees who no longer have a post and this policy aims to ensure management of redeployment is fair, consistent and supportive." Again compliance with this policy will be considered for review as part of future audit planning processes.

3.6 A key outcome of the WFS is the creation of a Workforce Planning Toolkit (the toolkit). The toolkit is designed to assist each Council Service to assess and capture key drivers and future gaps. It also includes a reporting framework which will form the basis for all Service Workforce Plans. At the time of this review Service Workforce plans were still being developed. Key milestones of the WFP have been agreed by CMT and are monitored through a project plan. This includes finalised Service Workforce Plans being due to be reviewed by CMT on 1 June 2016. Workforce Plans and compliance with the toolkit will be considered for review as part of future audit planning processes. Roles and responsibilities of Senior Management, HR and Organisational Development in relation to compliance with the WFP framework are not formally defined. (finding 5.2)

3.7 We can provide reasonable assurance that there is adequate consultation with stakeholders. At the time of our review a WFP Communications Plan was being developed and Service management advised that this would be completed on 4/4/16 and thereafter it will be presented to CMT for approval.

3.8 Communication is taking place on a variety of levels across channels to ensure that workforce planning information is communicated to all staff. The methods of communication include Council Reports, CMT Briefs, Connect Intranet articles, staff briefings and team meetings. In order to get feedback on the effect of the workforce planning process on staff a brief was recently submitted to CMT which provided detail on proposed changes to the staff survey process. The amended content of the

survey included questioning in relation to leadership, management of change and employee engagement.

3.9 Executive Management have held a number of open invitation staff briefing sessions on budget implications which include workforce planning. The briefing session slides and questions and answers are available for staff on the Council Intranet. Member briefings are not scheduled until after Service WFPs have been completed and the organisational WFP has been submitted to the Council. It is anticipated that a general update will be given to the Council in October 2016.

3.10 The Organisational Development Adviser has carried out training with Service Management in order to go through the processes involved in the toolkit and the development of Service Workforce Plans. The project plan timeframes have slipped with regards these training sessions and at the time of this review training had not been carried out by Education, Social Services or Housing and Community Services and there were no immediate plans for this training to take place. (Finding 5.3)

3.11 The Severance Policy states that the Council will offer appropriate support to employees at risk of redundancy which may include, for example, advice and information relating to stress, individual financial / benefits arrangements and job search techniques. A Voluntary Severance factsheet detailing budget position and the voluntary severance application process is available on the Council Intranet.

3.12 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	-
Priority 3	3
Priority 4	-

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	<p>There is no formal timetable for reviewing and updating the Interim Workforce Strategy.</p> <p>Management advised that review is likely to happen on an annual basis.</p>	Workforce Strategy does not reflect current practices and circumstances potentially leading to failure to actively manage the workforce.	3	An overview timetable will be drafted in order to co-ordinate updates to Council regarding the Interim Workforce Strategy, and half yearly updates to the Councils Management team.	OD Advisor	29/04/2016
5.2	Roles and responsibilities for Senior Management, HR and Organisational Development for compliance with the WFP framework are not formally defined.	Lack of ownership and failure to actively manage the workforce.	3	<p>Responsibility for Workforce planning, and the creation of Service Workforce Plans in particular, ultimately falls with Service Management.</p> <p>In order to embed the process within Services, a 'Roles and Responsibilities' section will be integrated into the Workforce Planning Toolkit (this is the most common reference point for workforce planning within the Council and will therefore be highly visible to those undertaking the process).</p>	OD Advisor	29/04/2016

WORKFORCE PLANNING

APPENDIX C

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.3	The project plan timeframes have slipped with regards training sessions and at the time of this review training had not been carried out by Educations, Social Services or Housing and Community and there were no immediate plans for this training to take place.	Responsible officers are not aware of roles and responsibilities leading to lack of ownership and failure to actively manage the workforce.	3	<p>The need for these sessions was established via a paper submitted to CMT. Where there was no initial uptake from Services, chase ups were made by the Head of Service for Customer and Strategy Services.</p> <p>To address this situation the Council's OD Advisor will continue to chase Services, and progress with the provision of workforce planning data for Services. It is anticipated that this will then spur on further responses and engagement in the process.</p>	OD Advisor	29/04/2016

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of Health and Social Care Integration Due Diligence. The review forms part of the Internal Audit and Fraud Plan for 2015/16, which was recommended to full Council for approval by the Resources and Audit Committee on 26 February 2015.

1.2 The Clackmannanshire & Stirling Health & Social Care Partnership has been established in response to the Public Bodies (Joint Working) (Scotland) Act 2014. The Partnership comprises NHS Forth Valley, Stirling and Clackmannanshire Councils. The IJB will have a combined budget for services and functions which are in scope and for which it is hosting services on behalf of the partners. It will also have indicative budgets for services delegated for strategic planning purposes. The alignment of the budgets will be the subject of a due diligence process agreed between the partners and the partnerships, in order to help provide the IJB with assurance that its resources are adequate to allow it to carry out its functions and to assess the risks associated with this.

1.3 The Scottish Government has issued Guidance on Integration Financial Assurance, recognising that partners should coordinate due diligence activities across financial assurance as well as legal and operational assurance. Stirling, Clackmannanshire and Falkirk Councils, along with NHS Forth Valley, have shared estimated figures of 'in scope' and 'out of scope' budgets for Health and Social Care Integration, following agreed methodologies. This report focuses on financial assurance from the Clackmannanshire Council perspective. The content of this report will be incorporated into a joint Financial Assurance report produced by the Internal Audit teams of NHS Forth Valley and the Stirling & Clackmannanshire Council Internal Auditors to be presented to the Stirling & Clackmannanshire IJB at a future date.

2. SCOPE AND OBJECTIVES

2.1 The scope of our audit was to address the recommendation, in the IRAG guidance (Guidance on Integration Financial Assurance) that Local Authority and Health Board Internal Auditors provide a report to the Local Authority on the assurance process.

2.2 Internal Audit, in conjunction with Accountancy Staff, identified the key risks relating to the financial assurance process undertaken to agree the Clackmannanshire Council allocation base budget for 2015/16. We can provide **Significant** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
The financial assurance process may not have followed national guidance.	Significant

3. FINDINGS

3.1 The final version of the Integration Financial Assurance Guidance was issued by the Scottish Government in June 2015 and provides guidance on the process of financial assurance to allow the IJB to assess the resources to be delegated and associated risks.

3.2 Section 3.2.1 of the Financial Assurance guidance states that: "It is recommended that the initial sums should be determined on the basis of existing Health Board and Local Authority budgets, actual spend and financial plans for the delegated services. It is important that the plans are tested against recent actual expenditure and that the assumptions used in developing the plans and the associated risks are fully transparent."

3.3 This report provides assurance on the process undertaken to agree the Clackmannanshire Council allocation base budget for 2015/16. We can provide Significant assurance that the process undertaken to agree the Clackmannanshire Council allocation base budget for 2015/16 has been in line with national guidance with the methodology used sound.

3.4 Integration arrangements included the formation of a Finance Workstream Group, chaired by the NHS Forth Valley Director of Finance, with membership comprised of Chief Financial Officers of the Falkirk, Clackmannanshire and Stirling Councils along with Senior Finance representatives from each of the above. The Finance Workstream Group reports to the Programme Board which is chaired by the Chief Officer for Stirling & Clackmannanshire IJB.

3.5 The IJB Integration Scheme required that costing methodologies were agreed by the end of July 2015. Principles were established by a methodology paper which was developed and agreed by both Partnerships and the proposals were subsequently reviewed and submitted to the two Transitional Boards for their approval. In order to ensure that the IJB budget setting processes undertaken by Clackmannanshire were appropriate, we examined the *'Integration Joint Board Budget Methodology'* and reviewed a sample of the underlying working papers used to produce these reports. We also discussed the detailed process undertaken with accountancy staff.

3.6 A Clackmannanshire Council Integration Masterfile spreadsheet was produced to record the previous three years figures and to track all agreed changes made by the Finance Workstream Group. This spreadsheet has been regularly presented to the Finance Workstream Group and where changes were agreed, they have been made with strict version control.

4. RECOMMENDATIONS

4.1 No issues have been reported and no further management action is required.

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of the Council's Information and Communication Technology (ICT) Asset Management System. The review forms part of the Internal Audit and Fraud Plan for 2015/16, which was recommended to full Council for approval by the Resources and Audit Committee on 26 February 2015.

1.2 Effective ICT is critical to the operation of Clackmannanshire Council and the effective delivery of services. One of the key elements of the Council's ICT strategy and vision is that the Council knows what ICT assets it has, where they are located and their value. This information is vital to ensure the Council deploys and manages its ICT assets effectively to enable it to continue to deliver improved public services.

1.3 A key element of the Council's ICT Strategy and complimentary ICT Asset Management Plan (ICTAMP) is the introduction of an ICT asset management system. A centralised Asset Register Database was implemented in 2013/14 (GLPI). The aim of the asset register is to record all assets, their location, lifecycle and value in a centralised location in a consistent manner. The new system will also support the information needs of the ICTAMP by providing the data on which the ICT acquisition and maintenance strategies and future investment programme will be based.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to review and evaluate the high level controls around the new ICT Asset Management System including the fit with the ICT Asset Management Plan.

2.2 Internal Audit, in conjunction with Senior ICT Officers, identified the key risks relating to the audit. We found weaknesses in relation to recording of asset disposals and the level of management information available on the assets recorded on the asset register. There is a formal ICT Asset Management plan and related policies and procedures in place however these have not been reviewed recently. In our opinion we can only provide overall **limited** assurance that risks are being adequately mitigated

Key Risk	Assurance Assessment
ICT Asset Management Plan and IT Contract Management procedures and roles and responsibilities are insufficient, poorly defined or unclear leading to failure to actively manage and monitor the Asset Plan and IT Contracts.	Reasonable
Acquiring inappropriate ICT assets and failure to optimize the use of each ICT asset during its life.	Reasonable
Failure to dispose of ICT assets when they are no longer cost effective.	Limited
Failure to continuously improve processes for managing IT Contract Management.	Reasonable
Reliable and complete information for internal and external requirements is not available.	Limited

3. FINDINGS

3.1 We can provide reasonable assurance that the ICT Asset Management Plan (ICTAMP) and IT Contract Management Procedures are relatively well defined and clear. The ICT Strategy (2012-2017) sets out the vision, principles and strategic direction for the Council's use of ICT. The Strategy also dictates that ICT spend should be managed to ensure best value, through centralising ICT budgets and through centralised and collaborative procurement. ICT budgets were centralised in 13/14 and Senior IT Officers are responsible for approving expenditure and are also involved in procurement of IT Systems.

3.2 The ICTAMP 2013-2017 describes the ICT assets owned by Clackmannanshire Council. The ICTAMP sets out guiding directions and principles for the high level roles of ICT for purchasing and managing ICT assets. ICT Strategy and AMP are due for formal review and re-publish this year. Related asset management policies and procedures are in place however these have not been subject to review recently. As the ICTAMP is updated so should related policies and procedures. (Finding 5.1)

3.3 An IT Asset Policy has been in place since 2013 and provides an overview of the IT Service Asset Management process for tracking assets. The Policy defines what IT Assets are and the systems in place for recording and managing them. IT Asset Procedures outline the steps to be taken to record information for IT assets throughout their lifecycle. ICT Asset Disposal Procedures were last updated in October 2014 and are a one page document outlining the process to dispose of assets and update the asset register. ICT Purchasing Procedures outline processes for purchasing ICT assets from providing a business case to approval of orders. The key players in ICT Asset Management: System Owners, IT Management and IT Customer Services roles in relation to asset management have not been specifically defined. It was also noted that although there were contract management processes in place there are no written IT contract management procedures in place (Finding 5.2).

3.4 We can provide reasonable assurance that appropriate ICT assets are acquired and that their use is being optimised during their life. Since the consolidation of ICT Budgets in 2013/14 ICT Senior Management have been responsible for approving ICT asset expenditure and this has enabled greater scrutiny by ICT to query payments to ensure contracts are in place and value for money is being achieved. IT Management: Monitor the spend of ICT Budget and record PO & Invoices within the Asset Register.

3.5 The IT purchasing procedures require an evaluation of the business case. A business case is prepared and evaluated if purchases are from a national framework contract. In addition purchases are made in line with the Council's Contract Standing Orders and national procurement guidelines. Asset order requests are signed off by the relevant service line manager. ICT Assets are recorded on an Asset Register by automatic uploads of assets connected to the network and manually input by ICT Officers. However we found a number of inconsistencies on the information that is recorded. Through audit testing we found that assets on the asset register were not always linked to PO / Invoice and procurement documents and contracts are not scanned / linked to the assets. (Finding 5.3) It is recognised that purchasing processes are in place but the Asset Register has still to be developed fully in order to be a fully integrated and link directly to purchasing documentation.

3.6 The recognition software has not been working since December 2015 therefore there is a risk that assets added to system since this date will not have been reconciled to the asset register. (Finding 5.4) There is some mitigation here in that access to the network can only come through ICT and on an annual basis an independent health check is undertaken to ensure that the systems and processes that control access to the network are robust. In addition software has recently been introduced to automatically identify the location and type of all computer terminals connected to the network.

3.7 The ICTAMP states that the management of ICT Assets is based on the ICT industry best practice ICT Lifecycle Model. In practice this is not the case. Clackmannanshire Council utilise assets until they are no longer fit for purpose and/or are not cost effective to repair. This lifecycle model is not clearly defined per category of asset and the rationale on whether or not to continue utilising an asset is also not formally recorded (Finding 5.5) Lifecycle and capacity management is however being undertaken on an informal basis through IT Management Meetings and the regular monitoring of device capacity. Senior Management advised that the Clackmannanshire Lifecycle model will be based on the Internationally recognised Information Technology Infrastructure Library (ITIL) Lifecycle Model.

3.8 We can only provide limited assurance in relation to the arrangements for the disposal of ICT Hardware Assets when they are no longer cost effective. ICT Senior Management advised that that assets will be replaced when they are not cost effective to retain (e.g. replacement costs are lower than costs being incurred as a result of inefficient assets). Although management make a rational decision on the disposal of assets based on cost and the practicality of carrying out a repair there is no formal documented evidence of the evaluation of cost effectiveness. Furthermore we identified the following non conformance with the ICT Asset Disposal Procedures: disposal records not linked to the asset register, no equipment disposal spreadsheet is maintained and uploaded to the asset register; scanned copies of disposal receipts are not linked in to the asset register, no reconciliations carried out between asset register and actual assets disposed off. (Finding 5.6)

3.9 The council utilises 2 external contractors to dispose of asserts on a zero cost basis. No official disposal certificate is received and there is no agreement in place for this service to ensure assets are disposed of appropriately and in Line with WEEE Regulations (Finding 5.7). It is council policy for information to be held on devices to be encrypted with other information held on Corporate Systems.

3.10 We can provide reasonable assurance that the processes for managing IT Contracts are being continuously improved. As a result of centralising ICT budgets in 2013/14 ICT Management approve the purchase of ICT Assets. This has lead to greater ICT Officer involvement in procurement, functionality and contract management arrangements of ICT Assets. Also ICT have a role in ensuring that assets connected to the network meet PSN Security requirements. It is our view that this greater level of ICT scrutiny reduces the risk of inconsistent account management and helps ensure that value for money is obtained.

3.11 ICT Management Team (ICTMT) meets regularly to discuss and agree ICT development issues. The ICTAMP contains a ICT Asset Management Improvement Plan. Although the ICTMT record and monitor agreed actions there was little evidence that the ICT Asset Management Improvement Plan Actions have been progressed towards implementation. (Finding 5.8) Management advised that this was because IT resources have been concentrated on other higher priority projects.

3.12 As mentioned in paragraph 3.3 above ICT Contract Management roles have not been formally defined.

3.13 We can only provide limited assurance that reliable and complete asset management information for internal and external requirements is available. The ICTAMP specifies that information for internal and external requirements can include: Planning for shared services, regulatory compliance, license renewal, compliance with FOI requests, and contract negotiation and renewal. There is limited management information produced from the Asset Register. At present the accuracy of the information held in the register can not be guaranteed due to lack of reconciliations, software updates not been working since December and no links to disposals. At present the main purpose of the Register is to records assets, expenditure and to be able to answer related queries from budget holders. ICT Management advised that there were other sources of information (ICT Service Desk databases and network reports) that can be used to help meet internal and external information requirements but this can be time consuming to obtain from these disparate systems and they were not reviewed at the time of this audit.

3.14 Policy and procedures specify reporting requirements such as ICT reporting annually on asset status, publishing an annual capacity plan and asset plan updates, annual report on disposals, reports to Services upon request at the time of this review these reports were not being produced. (Finding 5.9) Improved asset monitoring and reporting would contribute to a more embedded approach to system lifecycle management, which if combined with a supporting investment programme would mitigate failures of ICT assets which have had a significant impact on IT Service Delivery

3.15 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	3
Priority 4	-

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	ICT Strategy and AMP due for formal review and re-publish this year. Related asset management policies and procedures are in place however these have not been subject to review recently.	Roles and responsibilities are poorly defined or unclear leading to failure to actively manage and monitor the Asset Plan and IT Contracts.	3	ICT Strategy and AMP renewed	ICT Service Manager	30/10/16
5.2	<p>The key players in ICT Asset Management: System Owners, IT Management and IT Customer Services roles in relation to asset management have not been specifically defined.</p> <p>It was also noted that although there were contract management processes in place there are no written IT contract management procedures in place.</p>	Roles and responsibilities are poorly defined or unclear leading to failure to actively manage and monitor the Asset Plan and IT Contracts.	3	Produce Contract Management Standards document	Principal Development Officer	30/7/16
5.3	Through audit testing we found that assets on the asset register were not always linked to PO / Invoice and procurement documents and contracts are not scanned / linked to the assets.	Incomplete inaccurate asset information recorded about non ICT approved assets	2	Migrate legacy systems to fully integrated Asset Management System	Principal Development Officer	31/3/17
5.4	Network Asset recognition software has not been scanning and updating the asset register since December 2015.	Incomplete inaccurate asset information recorded about non ICT approved assets.	2	Reinstate network asset software once infrastructure changes complete	ICT Services Team Leader	30/9/16

ICT ASSET MANAGEMENT PLAN AND CONTRACT MANAGEMENT

APPENDIX E

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.5	<p>The Clackmannanshire lifecycle model is not clearly defined and is not in line with industry standards as specified in the ICT AMP.</p> <p>In addition the rationale on whether or not to continue utilising an asset is not formally recorded.</p>	Assets not managed effectively.	2	Asset Management Improvement plan added to Service Business plan for 16/17	ICT Service Manager	31/3/17
5.6	<p>There was no documented evidence of cost effectiveness and functionality being evaluated as part of managing the lifecycle of assets.</p> <p>The following weaknesses were identified in relation to the disposal arrangements:</p> <ul style="list-style-type: none"> - disposal records not linked to the asset register, - no equipment disposal spreadsheet is maintained and uploaded to the asset register, - scanned copies of disposal receipts are not linked to the asset register, <p>No reconciliations carried out between asset register and actual assets disposed off.</p>	<p>Failure to dispose of assets when they are no longer cost effective.</p> <p>Non compliance with policy and failure to dispose and record assets appropriately.</p>	2	Publish an annual capacity plan and asset plan updates	ICT Services Team Leader ICT Service Manager	31/3/17

ICT ASSET MANAGEMENT PLAN AND CONTRACT MANAGEMENT

APPENDIX E

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.7	The council utilise 2 external contractors to dispose of asserts on a zero cost basis and receipts are obtained. No official disposal certificate is received and there is no agreement in place for this service to ensure assets are disposed of appropriately (In line with WEE Regs)	Failure to dispose of assets in a controlled and appropriate way.	3	Review destruction processes and establish suitable contracts	Principal Development Officer	30/9/16
5.8	There was little evidence that the improvement actions identified in the ICTAMP have been progressed towards implementation.	Failure to continuously improve process for IT Contract Management.	2	Asset Management Improvement plan added to Service Business plan for 16/17	ICT Service Manager	31/3/17
5.9	There is limited management information produced from the Asset Register. Policy and procedures specify reporting requirements such as ICT reporting annually on asset status, publishing an annual capacity plan and asset plan updates, annual report on disposals, reports to Services upon request. At the time of this review these reports were not being produced from the asset register.	Reliable and complete information for internal and external requirements is not available.	2	Reporting on Capacity already added to PRD targets for Infrastructure Team Leader	ICT Services Team Leader	31/3/17

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of Fleet Management. The review forms part of the Internal Audit and Fraud Plan for 2015/16, which was recommended to full Council for approval by the Resources and Audit Committee on 26 February 2015.

1.2 Responsibility for the maintenance purchase and storage vehicles and plant rests with Environmental Services, part of Development and Environmental Services, based at the Kelliebank Depot in Alloa. At the time of our audit, the Council fleet consisted of 330 vehicles (including plant) with a related annual Capital budget of C£1m for 15/16. The vehicles and plant are used by services for direct delivery of a service to the public or supporting service delivery in some way.

1.3 Efficient management of the fleet is critical to the delivery and performance of public services. In the current financial climate, we must improve the performance of our investment in physical assets over their available life.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to assess the controls in place to manage the risks affecting fleet management. The following areas were reviewed: defined policies and procedures for fleet management; effective utilisation of the fleet; maintenance of fleet; arrangements for licences; insurance arrangements and replacement and disposal of fleet.

2.2 Internal Audit, in conjunction with the Environment Manager, identified the key risks relating to the audit. In our opinion there is a good control environment operating in relation to fleet management and the proposed arrangements for their management going forward. We have however significant concerns around the apparent lack of value for money being achieved from the vehicle parts contract and associated inadequate contract management arrangements. We can however provide overall **reasonable** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Fleet Management Policies and Procedures, roles and responsibilities are poorly defined leading to non compliance with standards and inefficient or an ineffective fleet resource.	Significant
The Council does not obtain value for money from fleet replacement, disposal and the short term hire of vehicles.	Limited
Lack of routine inspection and vehicle maintenance potentially leading to increased costs, litigation and lack of Service Delivery.	Significant
Lack of control over vehicle storage, vehicle deployment, licensing and insurance arrangements leading to inappropriate vehicle use.	Reasonable
Inadequate management information systems, leading to inefficiency and loss of control.	Reasonable

3. FINDINGS

3.1 We can provide significant assurance that Fleet Management Policies and Procedures, roles and responsibilities are properly defined. A Fleet Asset Management Policy (FAMP) 2013 - 2018 was approved in 2013. The FAMP has now been superseded by a Making Clackmannanshire Better (MCB) technical and strategic project review of Fleet Services. The review will include a review of leasing or purchase of vehicles, the capital programme for procuring vehicles, the capacity of the fleet workshop and fleet resources including employees. The review is due to be completed by May 2016.

3.2 Fleet Services hold an up to date Operators Licence and is meeting the relevant requirements. Fleet vehicles also comply with the Road Traffic Act 1988, Rules and Regulations. An independent annual inspection by the Freight Transport Association on vehicles included within the Operators Licence found that all checks were satisfactory.

3.3 We are happy that the Council obtains value for money from fleet replacement, disposal and the short term hire of vehicles. Procedures are in place for fleet replacement and disposal and these procedures comply with the FAMP and Contract Standing Orders. Vehicle replacement is based on a 10 year capital programme, which is forecast and adapted according to demands of the client services. It was confirmed that vehicles are being procured from suppliers within Scotland Excel contracts for the Supply and Delivery of Heavy and Municipal Vehicles and Cars and Light Commercial Vehicles

3.4 It was confirmed that there are proper arrangements in place to extract the maximum life from vehicles. Vehicle disposals are usually the result of a scheduled replacement but can also be due to a vehicle becoming surplus to requirements. The disposal method depends on the vehicle, type, age and condition. Fleet Services check out vehicles to be disposed and if the vehicle still has some useful life left then it can be used to replace a vehicle that needs to be taken out of service due to its condition, or offered up as a pool car. Where vehicles are sold at Auction or written off by insurance it was verified that the handover of vehicles is signed for with the vehicle removed from the Asset Register and SAVE, the software system used for fleet management.

3.5 Services only hire replacement vehicles as a last resort with vehicles hired from the Scotland Excel contracts when specialist vehicles are being repaired or serviced. As at the end of January 2016, around £10k has been spent on short term hires. Alternatives used by services to short term hires are pool vehicles and reciprocal agreements with other services.

3.6 A contract is in place with Bridge Motor Factors for the procurement of vehicle parts from 1 June 2012 to 31 May 2016. However, the contract value of £740,000 has already been exceeded by £165,596.31 with the contract spend to date at the end of January 2016 being £905,596.31 with £879,029.30 spend directly by Fleet Services. Due to the contract value, the contract would be required to be retendered via the EU Journal and as this is a lengthy process, this cannot be achieved before the contract expiry date. The Procurement Manager has recommended that the existing Scottish Excel Fleet Parts contract be used by Fleet Services from 1 June 2016 (Finding 5.1).

3.7 We have significant concerns that the contract for vehicle parts has not delivered value for money. We tested a number of transactions over the life of the contract and compared prices paid to those offered either by general parts suppliers, main dealers or direct from manufacturers. We were working off limited descriptions so there may be some variations in comparisons however we are confident that we have sufficient evidence to back up findings. For a sample of invoices between March 2013 and February 2016 we found that, where we could make a comparison, payments via the contract were 178% higher than from retail sources. For samples taken from 2015/16 invoices this jumps to a 235% difference. As noted above a total of just over £900k has been spent on this contract. (Finding 5.2)

3.8 We also have concerns about the management of the contract. We were advised that the contract was tendered on a basket of commonly used parts however testing identified a very small proportion of the tendered parts actually being purchased. Added to this, where they have been

purchased the price paid can be significantly higher than that provided in the original tender. Where a part is required that does not appear on the original tender we were advised that the part is ordered without first identifying or agreeing a price. Fleet advised that they do not have resources available to properly manage the contract.

3.9 As a result we can only provide limited assurance that value for money is being achieved.

3.10 We can provide significant assurance that routine inspections and vehicle maintenance are properly carried out. A service schedule spreadsheet records the first eight schedules due as required by the Operator Services Agency (VOSA) guidance. A check is made that all schedules are undertaken with the actual service date recorded on SAVE. It was verified that when a vehicle is purchased, service schedules are being properly set up. Workshop staff are issued with a routine maintenance checklist covering all required checks.

3.11 Drivers complete a defect sheet for any repairs required. A job line is completed with all details of the work required and completed recorded in SAVE. The independent check by the FTA found suitable systems for defect reporting and planned inspection frequency.

3.12 Fleet Services carry out inspections of taxi licences. It was found that inspections of taxi licences are properly controlled. The charges comply with the Charging Register and cover the costs of the work carried out. The MOT's arranged for the taxis comply with Contract Standing Orders with the MOT's carried out under the same quotes as council vehicles MOT's.

3.13 We can provide reasonable assurance over the control of vehicle storage, vehicle deployment, licensing and insurance arrangements. It was found that vehicles are held securely. Property Contracts operate a homeworking scheme. When the new Automated Fleet Telematics system is rolled out then the information required to quantify the efficiency savings from increased productivity and savings in fuel usage will be available. There are detailed guidelines in place for use of council pool cars.

3.14 Vehicle keys are held in key safes by Land and Burial Services, Waste Services in Forthbank and the Whins Resource Centre. The rest of the services based at Kilncraigs, Forthbank and Kelliebank keep the keys on a board at night. (Finding 5.3) A spare set of keys for all council vehicles is also held by Fleet Services who hold these in a locked stores area with all spare keys signed out and in.

3.15 Drivers carry out daily drivers' checks on their vehicles and evidence this check in a Drivers Book. The monitoring that their drivers are carrying out these checks by six services were reviewed. Roads Services have increased the daily vehicle checks following a recent health and safety incident with safety sensors now checked. Supervisors for all services apart from Waste Services check that drivers are carrying out these checks and evidence this check (Finding 5.4). Previous quarterly health and safety checks carried out by Waste Services included checking that drivers' checks are being completed has lapsed. When vehicles are serviced or repaired, Fleet Services check that drivers checks are being completed and if not completed this is reported to the Fleet Contracts Manager and the drivers Line Manager. There have been no reports from Fleet that any waste drivers are not completing the daily checks. In addition the annual independent check by the FTA found that the daily walk round checks by drivers were satisfactory.

3.16 A new Automated Fleet Telematics System is to be implemented in February 2016 with a Project Support Officer employed to assist with the implementation of the system and meet with services. The system will improve efficiency with a better control of fleet with surplus vehicles identified, journeys reviewed to identify if could be better planned, vehicles faults identified and reported and routes identified if required. The system will be linked to the employee ID card with all journeys logged.

3.17 Comprehensive information on all the Council's vehicles are recorded in SAVE, with management reports showing when MOT and road tax due. A Roads Fund Checklist ensures that all vehicles are taxed by the due date with the SAVE report of road tax due checked to the DVLA reminders to ensure compliance. A schedule of each months MOT tests is completed from the SAVE report with a pre MOT check carried out along with the scheduled service check if possible.

3.18 An annual insurance policy covering all Council vehicles is arranged by the Insurance Officer within Corporate Accountancy.

3.19 We can provide reasonable assurance that there are adequate management information systems in place. Monthly reports of fleet costs including fuel are available to services. Services mainly just carry out a broad-brush review of the fleet costs spreadsheet. Following the change in management accounting practice around 2011 service budgets had their fleet costs removed and there was a lack of accountability by services for fleet costs. In theory there is now not much incentive for Services to use fewer vehicles as this results in no direct budget saving. (Finding 5.5) However, there have been efficiency savings made by Services including not carrying too much stock as less fuel used; further electric vehicles to be procured; routes picking up Service Users carefully planned and Waste vehicles not going to the tip in Stirling until full.

3.20 A monthly Fuel Transactions report showing costs of fuel by each driver, performance graphs is scrutinised by the Environment Manager with any high use queried with the relevant service.

3.21 Fleet Services arrange for a driver who had two accidents in six months to be reassessed for driving. This policy is not written down but is the practice followed. This is not detailed in the Guidance on Managing Fleet Vehicles Safety in the Workplace with Managers unaware or unclear of this practice. (Finding 5.6)

3.22 Services are now being recharged for damage to vehicles where the damage was caused by driver error. This is to make services aware of the cost to the council from carelessness by one of their drivers with services therefore carrying out an investigation into the incident with possible disciplinary action taken.

3.23 Fleet Service performance including decreasing the carbon emissions from the fleet have been reported to the Enterprise and Environment Meeting on a quarterly basis for scrutiny by members. This was a key action from the FAMP. The remaining key actions from the FAMP will be evaluated in the planned review of Fleet Services.

3.24 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	1
Priority 2	1
Priority 3	3
Priority 4	1

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	The vehicle parts contract has exceeded contract value and needs to be retendered via the EU Journal. This is not achievable before the contract expiry date. It has been recommended by the Procurement Manager that the existing Scottish Excel Fleet Parts contract be used by Fleet Services from 1 June 2016.	Lack of compliance with contract standing orders and best value not obtained for the Council.	2	Vehicle parts will be sourced from the Scotland Excel collaborative procurement framework.	Environment Manager	At expiry of current contract and by 1 June 2016
5.2	Vehicle Parts contract has not delivered value for money. Contract has not been adequately managed.	Council has incurred significant overspend. Potential legal challenge	1	Appropriate controls, training and supervision will be introduced to ensure compliance with Financial Regulations. Undertake analysis of spend on materials out with the scope the Scotland Excel collaborative procurement framework e.g. non-core parts such as tools, consumables, to determine which procurement route to take for those items	Environment Manager	Immediate effect In parallel with 5.1. by 1 June 2016

FLEET MANAGEMENT

APPENDIX F

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.3	Vehicle keys are held in key safes by Land and Burial Services, Waste Services in Forthbank and the Whins Resource Centre. The rest of the services based at Kilncraigs, Forthbank and Kelliebank keep the keys on a board at night.	Improved security where vehicle keys held in a key safe	3	Service users to be instructed to keep vehicle keys in locked key safes where practical to do so. <i>Financial Regulations [20.2]... each Service Chief Officer is responsible for the operation and control of vehicles in use within their own Service.</i> Team Leader Fleet to issue advisory instructions to Service users regarding the security of vehicles and keys.	Team Leader Fleet	By 31 st March 2016
5.4	Previous quarterly health and safety checks carried out by Waste Services included checking that drivers' checks are being completed has lapsed.	Health and Safety issue.	3	The new Waste Services Team Leader intends to reintroduce the random health and safety inspections.	Waste Services Team Leader	
5.5	Following the change in management accounting practice around 2011 service budgets had their fleet costs removed and there was a lack of accountability by services for fleet costs. In theory there is now not much incentive for Services to use fewer vehicles as this results in no direct budget saving	Lack of accountability of fleet costs by services.	3	There is a duty on Service users to identify surplus or under-used assets within their own service, including the control of vehicles used by them: viz. <i>Financial Regulations [20.2]... each Service Chief Officer is responsible for the operation and control of vehicles in use within their own Service.</i> The introduction of the Fleet Telematics System commences around April 2016 and reports from the system will assist Service management, working in partnership with Fleet Services, to identify under-used vehicles.	Environment Manager, Service Mangers from fleet user services	Post implementation and embedding of Fleet Telematics: August 2016

FLEET MANAGEMENT

APPENDIX F

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.6	Fleet Services arrange for a driver who had two accidents in six months to be reassessed for driving. This policy is not written down but is the practice followed. This is not detailed in the Guidance on Managing Fleet Vehicles Safety in the Workplace with Managers unaware or unclear of this practice.	Lack of clarity of treatment of drivers accidents.	4	Vehicle accidents, depending upon cause and investigation outcome, may be subject to: 1 HSWA 1974 etc. 2 Road Traffic offence prosecution 3 Council disciplinary procedures 4 Referred to Fleet for re-training	Outcomes 1,2,3 are the responsibility of Service management Outcome 4 is the responsibility of the Fleet Team Leader but will require consultation prior to implementation of a policy change	Outcome 4: September 2016

1. INTRODUCTION

1.1 This report details the position of the New Finance System Project as at April 2016. The review forms part of the Internal Audit and Fraud Plan for 2015/16, which was recommended to full Council for approval by the Resources and Audit Committee on 26 February 2015.

1.2 The Funding for the replacement Finance System Project was agreed at a Special Council Meeting in February 2013. In November 2014 a dedicated Project Manager was employed to oversee the implementation of the new Finance System. In June 2015 the Project Manager left employment with the Council but this role was filled internally by the appointment of two IT Business Analysts as co-project managers.

1.3 In discussion with Senior Finance staff it was agreed that assurance needs to be provided on the progress being made of the implementation of the project. This review will consider progress of the project throughout 2015/16 to provide independent assurance to the Resources and Audit Committee that risks are being mitigated. This report is the fourth and final report on the Progress of the New Financial System Project. The Implementation of the New Finance System will be reviewed as part of the 2016/17 Internal Audit Plan.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit is to regularly review controls in place and the progress of the New Financial System Project.

2.2 Internal Audit, in conjunction with the Project Manager and Project Senior Responsible Officer, identified the key risks relating to the audit. In our opinion there is a good control environment operating in relation to progressing the New Finance System Project. However the loss of supplier's lead consultant in the build phase has required a revision of the project timescale and a phased implementation which means that different elements of the system will go live at different times. We can still provide overall **significant** assurance that risks are being adequately mitigated as a new consultant has been put in place, the project plan adjusted accordingly and a full system acceptance and handover date of 21/9/16 is still on schedule.

Key Risk	Assurance Assessment
Project Management roles and responsibilities, documentation and system development specification are poorly defined or unclear leading to lack of ownership and failure to actively manage and monitor the project.	Significant
The progress of the contract is not monitored or progressed in line with agreed targets.	Significant
Inadequate consultation with stakeholders.	Significant
Changes to the contract are not managed and result in additional costs.	Significant
Procurement of the new system is not in line with contract standing orders.	Significant
Inadequate testing prior to sign off of new system resulting in requirements not being met and additional costs.	Significant

3. FINDINGS

3.1 Audit reviews undertaken recently, including Budget Management, General Ledger, Treasury Management, Debt Recovery, and Creditors Management have highlighted a number of control weaknesses in the current Finance System. Weaknesses identified include reliance on paper based systems, poor access controls, high level of manual intervention required, limited reporting and limited systems integration, instances where Invoices, Purchase Orders, Payroll, HR and imprest transactions are not being appropriately authorised. The system has been designed to address all these issues. The Finance System is an overarching system that again is designed to integrate with all Service Delivery Systems. Its successful implementation is critical to Council Service Management and the Council being able to achieve its objectives in an efficient and sustainable manner.

3.2 The initial phase of this project from November 2014 to July 2015 involved identifying the extent of the current system and the requirements and scope of the proposed new system. The aim of the project is to introduce a new integrated business solution across all Clackmannanshire Council's sites that streamlines business processes and enables end users to operate more effectively. A System Supplier (TechOne) has been selected through a tender exercise and a system implementation Project Initiation Document (PID) has been agreed and signed off by the Project Senior Responsible Officer and the Supplier on 6/10/15.

3.3 At the time of this review (April 2016) the project progress was in line with the project plan. Phase 1 (All supplier and customer criteria uploaded and centralised processing of invoices) of the new TechOne Finance System (Finance System) went live on 1/4/16 with Phase 2(Procure to pay, management accounting and enterprise budgeting) and Phase 3 (Procurement cycle) due to be implemented and final system acceptance and hand over due on 21/9/16.

3.4 Phase 1 of the project involved the implementation of the following system functionality on 1/4/16:

- All income and expenditure is recognised through Tech One.
- Revenues team use the system to raise customer invoices, chase debt and complete banking reconciliations to income received.
- The chart of accounts have been developed in consultation with Service Accountants and uploaded to The Finance System and core back office systems.
- All supplier and customer details have been refined and uploaded.
- Centralised invoicing: Creditors teams will centrally scan supplier invoices which will be workflowed to department pools for coding and subsequently workflowed to budget holders for authorisation except those processed through Servitor.
- Service areas will use The Finance System to raise sales invoices and will continue to use purchase order books until Phase 2 of the project has been implemented.

3.5 All invoices received direct at Service areas are forwarded to the Creditors Team to be processed centrally within The Finance System. The exception to this at present is Development and Environment and Housing operations which utilise the Servitor system at Kelliebank Depot. Servitor processes invoices with an uploaded file being processed by the Finance System. We have previously raised concerns about visibility of controls as invoices are not i-doxed at Kelly bank in line with corporate requirements. However, we have been advised by management that Servitor is due to be replaced by a new Housing IT System which will be fully integrated with The Finance System and is due for development in 16/17 .

3.6 Phases 2 and 3 of the Finance System are planned to be implemented prior to project completion on 21/9/16 and include:

- Procure to pay is in 3 pilots the first on the 5/7/16 then 21/7/16 and then 6/9/16 (Phase 3) for Education and R&G Assets. It involves raising and authorising purchase orders on the system. It

also includes full centralised invoice matching to authorised purchase orders to initiate automatic processing for payment.

- Management Accounting and enterprise budgeting which includes management information and reporting and is due to go live on 5/7/16.
- Procurement cycle to include development and input of supplier and procurement catalogues and is due to be implemented on 5/7/16.

3.7 The following issues have been identified by the Project Management Team and we are content that these are being addressed as part of the Project Boards Risk Management Procedures:

- There is a backlog of invoices to be processed on the system. This is being addressed by splitting backlog into batches and distributing to staff for processing.
- System alterations have been required due to Revenues Services processes not being fully identified at the specification phase of the project.
- Resourcing issue in relation to updating and maintaining procurement catalogues. Resource requirement identified and possibility to fulfil internally being explored.
- General communications issues whereby specific categories of users and general awareness could be improved. This is being addressed by more targeted interaction with specific Service Teams and increased communication through the regular Council communication channels.

3.8 We can provide significant assurance that project management roles and responsibilities, documentation and system development specification are well defined and up to date. The following key project management documents have been approved and are up to date: Project Initiation Document (PID), Project Plan, Project Specification. In addition the Project Team advised that a full End of Project Report including benefits realisation and lessons learned will be prepared and agreed by the Project Board prior to system sign off.

3.9 The Project Board is a key project group with responsibility for leading, reviewing and endorsing the PID and Project Plan. Thereafter the Project Board will review the progress of the Project and the associated service budget. We found the membership and frequency of the meetings to be adequate and in line with the PID. The Project Operational Group comprises representatives from key Project Services and is involved in the Project oversight and control. The Group can also include other key stakeholders that have special interest in the outcome of the Project. The Project Team comprises staff chosen to work on the Project and Project Champion from the Services selected by the Project Operational Group. Team member roles will vary depending on the phase of the project.

3.10 We can provide significant assurance that the contract is being monitored and is progressing within agreed targets. The Project Plan was approved by the Project Board and defines the stages of the project, associated tasks and target timeframes and milestones. The Project Managers are responsible for the day to day monitoring of the Project Plan and ensuring milestones are achieved. The Project Managers and the System Supplier prepares a regular Project Progress report which details the status of the Project and progress against Project Plan milestones and this is reported to project members and stakeholders.

3.11 We can provide significant assurance that there is adequate consultation with stakeholders. Key stakeholders are part of the Key Project Groups as described in Paragraph 3.10 above. Key stakeholders were directly involved in the development of the Project Specification and Project Plan and are also directly involved in the system implementation phase. A formal communications strategy and plan have been developed and kept up to date with the most recent versions approved on 16/3/16. A wide range of stakeholders; both within Finance and across all Service Areas, have an interest in the implementation of the replacement Finance System and will be impacted by its ongoing development and implementation. It is important to keep all parties fully informed about the project for all involved to gain maximum benefits from the implementation. To achieve this, communication must be a priority for the Project Team. It is important that a suitable communication plan is in place and strategies can react to emerging requirements, to ensure project buy in and project deliverables are achieved.

3.12 Recent Finance System Project Team consultation and communication includes:

- Drop in awareness sessions.
- Attended Team Leader meetings and provided system demonstrations.
- Weekly updates on the Intranet in the run up to go live on 1/4/16.
- Targeted e-mails to specific user groups.
- In addition the Project Team have trained around 160 system users and developed supporting system user guides.

3.13 We can provide significant assurance that changes to the contract are identified and managed. Risk, Issues and Change Logs have been developed and are utilised as part of the project and discussed at Project Board Meetings. The system supplier has been selected and the subsequent system implementation is being managed through the PID, Project Plan and Solution Design Document.

3.14 We can provide significant assurance that the procurement of the new system is in line with the contract standing orders. Project Board and CMT decided that the use of an established framework agreement would be utilised in order to select a supplier for the new finance system. Suppliers on the framework were invited to tender based on the system specifications. The returned tenders and system demonstrations were evaluated on a price and quality weighting criteria based on system specifications. The Procurement Manager has taken an active role in all stages of the procurement

3.15 We can provide significant assurance that there is adequate testing and sign off arrangements in the Project Plan. At the time of this review system configuration tasks are being completed. Detailed training and testing plans have been developed for this purpose. Status of system configuration, data cleansing, migration is in line with the plan.

3.16 In conclusion, we can provide overall significant assurance that key project risks are being identified, adequately mitigated and the Project Team will deliver the New Finance System with full system acceptance and handover date scheduled for 21/9/16. This report is the fourth and final report on the Progress of the New Financial System Project. The implementation of the Finance System will be reviewed as part of the 2016/17 Internal Audit Plan.

3.17 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.

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of Social Media (SM) utilisation. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 SM are computer based tools that allow people or companies to create, share, or exchange information, career interests, ideas, and pictures/videos in virtual communities and networks. The Council uses social networking to engage, inform and interact with communities and the Council has a corporate Facebook page and a Twitter account.

1.3 The Council initially developed a Social Networking Policy in 2011 which sets out corporate policy on the use of online social networking. The policy aims to protect both the Council and its employees by defining what online behaviour is acceptable. The policy was recently updated to reflect the changing ways that we use SM corporately, expectations from customers and the general high awareness and use of SM among staff. It is anticipated that the updated policy will be approved in 2016.

1.4 New developments and technology require flexible, adaptable and new approaches to communicating with our key audiences. Use of online services and mobile technology is increasing, and our customers expect fast, pro-active and reactive communication with the Council through SM channels. SM is now an important corporate communication channel and it has already proven as an efficient and effective way to communicate and engage with stakeholders.

1.5 Control of the Council’s Social Media presence is important, as is the accuracy and appropriateness of information posted on Council accounts which can impact directly on the Council’s standing and reputation as a Service provider.

2. SCOPE AND OBJECTIVES

2.1 The scope of this audit was to review the key controls in place relating to the Council's use of SM. Arrangements at schools were not included in this review and will be considered for inclusion in future planning.

2.2 Internal Audit, in conjunction with the Head of Strategy and Customer Services and the Strategy and Performance Manager, identified the key risks relating to the audit. Corporate social networking accounts are managed by the Communications and Community Team and are well controlled. A new Policy including a Business Case application process and comprehensive Acceptable Use Guidelines have been developed alongside the policy. We can therefore provide overall **Significant** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Inadequate controls over Social Media set-up, management, maintenance and performance management leading to inappropriate content and reputational, legal and governance risks to the Council.	Reasonable
Social Media not utilised to its full potential for achieving business objectives and meeting customer needs.	Significant
The Social media Policy does not comply with legislative requirements and good practice guidelines.	Significant

3. FINDINGS

3.1 We can provide reasonable assurance that there are adequate controls over Social Media (SM) set-up, management and maintenance and performance management. The Communications and Marketing Strategy 2013 recognises SM as an important communication channel that can help the Council achieve its objectives. The Strategy acknowledges that SM as a communications tool provides significant opportunities for the Council in managing the corporate brand and in promoting achievements and success. SM also provides opportunities for engaging and diverting customers to other channels of communication. In addition effective utilisation of SM will assist in fulfilling the Making Clackmannanshire Better aims of making efficiencies and transforming services. The Communications and Marketing Strategy is due to be updated in 2017.

3.2 The current version of the Social Networking Policy was approved in 2013. It details the ground rules for employees to ensure that the content of business and personal postings they make do not bring the Council into disrepute, nor breach their obligations under the Conditions of Service as employees of the Council. The Council has SM Corporate Accounts which are controlled by the Communications and Community Team (CCT) with access to update these accounts restricted to a limited number of Team members. However, the Policy also states that the council's official accounts must be used and new pages should not be set up. It was identified that a number of school-based and Sports Development SM accounts had been set up with no business case being formally recorded and no formal corporate approval and control of content by the CCT. (Finding 5.1)

3.3 At the time of this review the Social Networking Policy was being reviewed and still had to be approved. (Finding 5.2) The material change to the Policy is the inclusion of a business case application form for new SM accounts that requires formal approval by Service Managers and Communication and Community Team Leader. In our opinion business case applications should be completed retrospectively for all Council related SM Accounts (Finding 5.1).

3.4 There is no specific SM training but the CCT have had peer-to-peer training and keep up to date with SM developments. Comprehensive Social Media Acceptable Use Guidelines have also been developed by the CCT and these will be issued once the revised Policy has been approved. The Principles of the Acceptable Use Guidelines are already being followed by the CCT Team when managing the corporate SM Accounts and these include: produce quality content; monitor for comments and queries; moderate content; effectively promoting and marketing; measure and evaluate usage and review and report. Access to post on Corporate accounts is restricted to a limited number of the communications team who continually monitor and check content to ensure it is accurate and appropriate. In addition there are account filters in place which help ensure no content has inappropriate language.

3.5 We can provide significant assurance that SM is being utilised to its full potential for achieving business objectives and meeting customer needs. As stated in paragraph 3.1 the use of SM is recognised as a key tool in helping to achieve the Communications and Marketing Strategy and MCB objectives. The improvement actions in the Corporate Communications and Marketing Strategy have been progressed and these include the development of an online press office function for an efficient response to incoming media and press requests. The progress of these actions will help ensure the development of effective communication which SM has a key role to play. As stated in 3.4 above Corporate SM accounts are managed and monitored by the CCT with the aim of informing and engaging with the public. CCT use SM is used to share information, promote and communicate corporate events/services and to respond to customer enquiries..

3.6 Statistics in relation to SM interaction are available directly from SM accounts but also additional statistical information is available through the Social Sign-in Dashboard which is an additional piece of software that has been purchased for this purpose. SM stats are reported to Services on specific campaigns and related information may be contained in Service plans. In addition high profile SM campaigns are reported through Service Committee reports. Service Management advised that the statistical information will be used to inform the development of the next Communications and Marketing Strategy. Customer satisfaction of the Council's SM is evaluated directly on SM Accounts but also via the Clacks 1000 Citizen Survey.

3.7 Unlike traditional media, online media is largely unregulated and not controlled and there are no specific legislative requirements relating to Social Media. However there are a number of social media best practice guides, related information legislation e.g. Data Protection Act and other organisation's SM policies. It is our view that the Social Network Policy and acceptable use guidelines are reasonable and are based on CCTs extensive working knowledge of using SM in a corporate environment and adhere to good practice principles. Therefore we can provide significant assurance that SM Policy does comply with legislative requirements and good practice

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 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	-
Priority 3	2
Priority 4	-

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	<p>Independent Service specific SM accounts have been set up without a business case being recorded and without corporate approval.</p> <p>New procedures dictate that all Council SM accounts should have a business case approved by Service manager and Communications Team.</p> <p>The currently active corporate and Service specific SM accounts have not been formally approved.</p>	<p>Uncontrolled use and set up Council Social Media accounts.</p> <p>SM accounts not approved and utilisation not achieving business objectives.</p>	3	Once new Policy approved, roll out associated business case application form and acceptable use guidelines, including retrospectively to existing accounts with the support of the Education Service.	Communications and Community Team Leader	31/3/17
5.2	Updated Social Networking Policy has not been formally approved.	Policy out of date leading to ineffective Social media use.	3	Proceed with new Policy to Policy Forum and CMT for sign off and approval	Communications and Community Team Leader	30/11/16

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of the New Housing System Project as at July 2016. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 In September 2015 The Corporate Management Team (CMT) approved replacing the current in-house bespoke Housing IT Systems with an integrated housing management, repairs and appointments system. The new Housing IT System will be provided by Technology One (TechOne) who are also the provider of the Council's Finance System. The Housing System Project will only fully commence with Tech One once the Finance System has been fully implemented and this is expected to take place in October 2016.

1.3 It is anticipated the implementation of the Tech One Integrated Housing IT system will ensure more efficient ways of working and deliver savings due to it being a cloud based solution with full Finance System integration, improved reporting functionality, and a reduction in current systems licensing costs.

1.4 In discussion with Senior Housing staff it was agreed that assurance needs to be provided on the progress being made of the implementation of the project. This review will consider progress of the project throughout 2016/17 to provide independent assurance to Resources and Audit Committee that risks are being mitigated. Interim reports will be provided as the project moves forward with a final report provided at the end. This report is the first interim report.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit is to regularly review controls in place and the progress of the New Financial System Project.

2.2 Internal Audit, in conjunction with the Project Senior Responsible Officer and Project Manager identified the key risks relating to the audit. In our opinion at this early stage of the Project a good initial control environment is being formed and we can provide overall **reasonable** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Project Management roles and responsibilities, documentation and system development specification are poorly defined or unclear leading to lack of ownership and failure to actively manage and monitor the project.	Reasonable
The progress of the contract is not monitored or progressed in line with agreed targets.	N/A
Inadequate consultation with stakeholders.	Reasonable
Changes to the contract are not managed and result in additional costs.	Reasonable
Procurement of the new system is not in line with contract standing orders.	Substantial
Inadequate testing prior to sign off of new system resulting in requirements not being met and additional costs.	N/A

3. FINDINGS

3.1 In September 2015 CMT agreed in principle to replace the current Northgate OHMS and Civica Servitor software with "Onehousing" a housing management extension to the new Finance IT system recently procured from Technology One (TechOne).

3.2 The successful implementation of "Onehousing" is critical to Council Service Management and the Council being able to achieve its objectives in an efficient and sustainable manner.

3.3 At the time of this review (July 2016) we can provide reasonable assurance based on the initial arrangements for formulating project management roles and responsibilities and documentation. A member of the Housing Management Team has been assigned Project Management responsibilities and the project management arrangements are based on Prince 2 Project Management principles.

3.4 The Project Manager has developed a draft Project Initiation Document (PID) which specifies what officers hold the key project roles (Project Sponsor, Senior Responsible Officer, Project Manager) and also defines what the key project roles and responsibilities are. The PID also defines what the Key Project Groups (Project Board, Project Team, Project Operational Group its remit and desired membership). The Project Groups have been agreed by the Housing Management Team and the PID and Project Plan will be agreed by the Project Board.

3.5 At the time of this review the contract has been agreed but has not yet commenced and so no actual monitoring has been required. The Project Manager advised that contract terms will be factored into the Project Plan which will be monitored to completion.

3.6 On 16/9/15 The Corporate Management Team agreed that the TechOne Housing module implementation time will be greatly reduced as it will be an extension to an existing system; system costs will be reduced as it shares components with the already purchased finance system thereby reducing duplication, and integration costs will be minimised because interfaces will not need to be developed between the systems

3.7 The Project Manager is responsible for the day to day monitoring of the Project Plan and ensuring milestones are achieved. The Project Manager advised that once the project is underway regular Project Highlight Reports will be produced which will detail the status of the Project and progress against Project Plan milestones.

3.8 We can provide reasonable assurance that there is adequate consultation with stakeholders. A number of staff were given a demonstration of the TechOne Housing system and their feedback taken into account in the decision to go with the TechOne System. The Stakeholders have been identified as the Team Leaders and other key staff within the Housing Service. They were identified as they represent the areas of business covered by the scope of the project. They will be involved in the development of the specification of the new system. Key stakeholders are also identified in the PID as described in Paragraph 3.6 above. The PID also refers to a Communications Plan which has still to be developed. The Project Manager advised that front line staff will play a key role in compiling system specification and developing the system.

3.9 At the time of this review no changes were required to the Contract. We can provide reasonable assurance as Risk, Issues and Change Logs are referred to in the PID and initial project risks have been identified.

3.10 We can provide substantial assurance that the procurement of the new system is in line with the contract standing orders. TechOne was awarded the contract for the Finance system after a rigorous assessment process co-ordinated by the Procurement Manager. The Housing System Contract was approved and signed in September 2015 and is an extension of the Finance System Contract as the Housing system is a module of the existing TechOne System.

3.11 It is not appropriate to provide assurance on the adequacy of testing and sign off arrangements at this point as at the time of this review the system was not at the testing stage. We will review procedures at the appropriate time. The Housing Reporting Group are responsible for the information held on current systems have been tasked with identifying information required for the new system.

3.12 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 At this stage of the project 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.

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of the Council's Insurance arrangements. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 Insurance is a method of transferring risk from one party to another and thus mitigating the insured party's financial losses. This could be the risk of damage to an asset (e.g. property insurance) or the risk to others arising from an activity (e.g. liability insurance). Insurance is only a method of transferring risk. In itself it does not materially change the nature of the risk, its likelihood of occurring or its potential impact.

1.3 The Council have transferred some of the risk by purchasing an insurance policy to provide indemnity in respect of the class of risk concerned. The Council has a 2 year 10 months insurance contract running from 1/6/15 with the option of a 2 year extension. The insurance contract covers various classes of insurance e.g. Motor, Property, Public Liability.

1.4 In addition to the Insurance Contract the Council undertakes internal financing of risk through a dedicated insurance fund. The insurance fund covers the cost of valid claims that are less than the excess that has to be paid for claims as agreed in the insurance contract.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit will focus on insurance fund administration and claims handling. The tendering of insurance contracts will be out with the scope of this review.

2.2 Internal Audit, in conjunction with the Chief Accountant and Insurance Officer identified the key risks relating to the audit. We found examples of sound controls relating to insurance provision contracts being in place and standard forms being completed for claims that were processed in line with insurance policies and insurance arrangements being compliant with the Council's Financial Regulations. We can therefore, provide overall **Significant** assurance that risks are being addressed and adequately mitigated

Key Risk	Assurance Assessment
Invalid claims resulting in reputational damage and financial loss.	Significant
Non compliance with regulations and legislation resulting in potential litigation and reputational damage	Significant
Insurance claims not fully accounted for and processed through Council Systems	Reasonable
Insurance cover is not up to date and sufficient to transfer risk resulting in risks not being managed, poor value for money and financial loss	Significant

3. FINDINGS

3.1 The Council agreed a Risk Management, Consultancy and Insurance Brokerage Contract on 1/9/14 for 4 years. The primary functions of this contract were for an insurance advisor to assist with the Council's Insurance functions. This includes advice on future strategy, development of Risk Management Strategies and to provide assistance in the tendering process for the purchase of Insurance Policies.

3.2 The Council agreed an Insurance and Claims Handling contract from 1/6/15 to 30/3/18. This contract covers the following classes of insurance: property, liability, accident and health, motor, engineering, computer, contract works contractors insurance, malpractice, officials indemnity, professional indemnity, fidelity guarantee and claims handling.

3.3 We can provide significant assurance that valid claims are being processed. The Council's Insurance Officer (Insurance Officer) is responsible for collating claims for the claims handler, recording and monitoring payments and reconciling transactions through the Insurance Fund. The claims handler and insurer have responsibility for deciding negligence and liability for insurance claims.

3.4 From discussions with officers responsible for insurance, reviewing the terms of the Insurance Policies per risk category and reviewing a sample of claims it was found that Clackmannanshire Council is compliant with the insurance policies. In addition standard claim forms were being completed when making an insurance claim.

3.5 The Council's Financial Regulations refer to Insurance arrangements and include requirements for inventory lists, and the completion of accident report forms. The consistency of claim information was reviewed and we found compliance with procedures and Financial Regulations.

3.6 When reviewing motor insurance claims it was found that two local suppliers were utilised to repair vehicle damage with a combined expenditure of approximately £10k pa over the last 4 years. This is in contravention with the Contract Standing Orders as there is no evidence of any contract in place for these suppliers and they are not being engaged through Contracts Scotland. (Finding 5.1) The insurance Officer role is carried out by one individual with cover provided if required by other members of the Corporate Accountancy Team. Cover has not been required for some time and although there are written instructions these were compiled over 4 years ago and at the time of this audit were still to be fully reviewed and updated. (Finding 5.2)

3.7 We can provide significant assurance that the Insurance arrangements comply with regulations and legislation. As stated in 3.5 above the insurance claims and arrangements were in compliance with the Council's Financial Regulations. In addition the Insurance industry is regulated and compliance with these regulations is the responsibility of the contracted insurance providers.

3.8 We can provide reasonable assurance that insurance claims are fully accounted for and processed through Council systems. The Insurance Officer maintains a claims spreadsheet based on claims received and information from the claims handler. At the end of the financial year the Insurance Officer reconciles the claims spreadsheet to transactions through the Council's Financial Ledger.

3.9 The claims handler charges a fee per transaction and this varies depending on which risk category the claim relates to. The payment of fees is taken in advance based on previous years levels and is taken directly from the Clackmannanshire account held by the claims handler. There is no checking done to ensure that all fees charged are accurate and relate to actual claims passed for processing. We were unable to carry out a reconciliation of claims handlers fees due to the lack of information relating to the fees paid (Finding 5.3).

3.10 For Public and Employers Liabilities claims payments are taken straight from the Clackmannanshire funded account held by the claims handlers with the excess repaid by the insurers back into this account. This account is funded through the payment of an invoice received from the claims handler. There is no checking of the transactions on this account in order to ensure that the

balance is correct before any extra funds are paid. We were unable to carry out checks on this account due to the level of detailed information available. (Finding 5.4

3.11 We can provide significant assurance that insurance cover is up to date and sufficient in transferring risk and achieving value for money. Consultancy and insurance brokerage and claims handling contracts are valid and insurance premiums have been paid up to date

3.12 An example of additional insurance being purchased was recently identified by The Insurance Section. This related to a school trip where the additional insurance was built into the overall trip. The Insurance Officer was of the view that this was a one off and the school have been informed that the Council has corporate travel insurance that would cover pupils and staff for regular school trips. On an annual basis the Insurance Officer provides an information bulletin to the whole Council requesting details of trips to be included in the insurance policy. We were advised that this would be amended to highlight the fact that the Council has Corporate Travel Insurance and if any additional insurance is required then this should be carried out through the Insurance Section. The Health and Safety Section are notified and assist affected Departments to investigate claims and put measures in place to reduce risks. Health and Safety also provide evidence and reports relating to accidents which are used to settle claims received

3.13 The Council's Insurance Broker is responsible for assessing the Council's insurance risks and insurance claim history and this is used to determine level of insurance required and the related premium costs. Measures are put in place by Departments affected by claims in order to reduce the cause and number of claims which will be reflected in lower insurance premiums and excesses in future insurance policies. For example, Fleet Services have put in place the following controls in order to reduce accidents: driver training/assessments, pre recruitment checks on driver credentials, a fleet tracking system which is used to ensure that vehicle checks are undertaken and the vehicle is being driven in a safe manner. The individual control measure put in place have not been specifically reviewed as part of this audit.

3.14 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.

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	2
Priority 3	2
Priority 4	-

INSURANCE

APPENDIX J

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	No contract or engagement through Contracts Scotland for the vehicle repairs suppliers utilised through insurance.	Increased costs and not achieving value for money.	3	Review current use of vehicle repair suppliers as part of an overall Fleet review. Test the market and consult Scotland Excel for vehicle repair suppliers and retain evidence of the process and results. Put in place a process whereby best value is achieved by engaging with one supplier over another.	Fleet Team Leader	31/3/17
5.2	Insurance Administration work instructions have not been reviewed for more than 4 years.	Inconsistent work practices potentially resulting in invalid claims, time delays and additional costs.	3	Procedures reviewed and updated. Agreement for evidenced annual review to ensure current and fit for purpose.	Insurance Accountant Insurance Officer	31/8/16
5.3	There is no checking done to ensure that all claims handling fees charged are accurate and relate to actual claims passed for processing.	Extra costs incurred for a service that has not been provided.	2	Liaison with Claims Handler to ensure sufficient information is obtained in order to carryout regular reconciliation of fees to claims processed. In addition information will be obtained in order to carry out retrospective reconciliation of fees to claims processed.	Insurance Accountant Insurance Officer	31/3/17
5.4	There is no reconciliation of the Clackmannanshire Account held by the Claims handlers to ensure that the balance is correct before any further funds are paid.	Extra costs incurred as claims covered through internal funding rather than through the insurance company as detailed in the insurance contract.	2	A report will be requested along with the invoice detailing all transactions since the previous invoice and this will be reconciled to previous claims transactions.	Insurance Accountant Insurance Officer	31/3/17

1. INTRODUCTION

1.1 This report details the findings of the Internal Audit review of stock control. The review forms part of the Internal Audit and Fraud Plan for 2016/17, which was recommended to full Council for approval by the Resources and Audit Committee on 25 February 2016.

1.2 Clackmannanshire Council had a stock value of C£500k as at 31 March 2016. For accounting and control purpose, stock takes are undertaken on an annual basis across Services and official stock certificates are signed off with stock figures included in the accounts. The Council's Financial Regulations (section 19) state that Heads of Service are responsible for the control of their stocks and stores. The Regulations also set out control objectives covering the management of stock to ensure that stock is held securely, accurately accounted for and that appropriate levels are maintained. There are also directions covering write-offs, losses and disposals.

1.3 A variety of stock items are held in different services. These include items for use by property maintenance, roads, catering, fleet, social services, waste and streetcare.

2. SCOPE AND OBJECTIVES

2.1 The scope of the audit was to assess the controls in place to manage the risks affecting stock control.

2.2 Internal Audit, in conjunction with Heads of Service, identified the key risks relating to the audit. In our opinion there is a robust control environment operating in relation to the control of the areas that hold the majority of stock and the proposed arrangements for their management going forward. There were some other more minor issues of non conformance that mainly related to areas that held small supply of stock rather than across the board failings. We can therefore provide overall **significant** assurance that risks are being adequately mitigated.

Key Risk	Assurance Assessment
Stock Control Policies and Procedures are insufficient or inconsistent.	Significant
Inefficient stock control systems.	Reasonable
Stock is not held securely or properly accounted for.	Significant
Inappropriate stock levels are held leading to increased associated costs.	Reasonable

3. FINDINGS

3.1 We reviewed the controls in place for stock control at Property Contracts Unit (PCU), Clackmannanshire Equipment Service (CES), Catering, Waste, Roads and Fleet. A summary of the findings can be seen in the table below.

Control	Stock Section					
	PCU	CES	Catering	Waste	Roads	Fleet
Annual Stock Take Instructions	✓	✓	✓	✓	✓	✓
Stock Control Procedures	✓	✓	✓	x	x	x
Stock Control Systems	✓	✓	✓	x	✓	✓
Checking Stock In and Out	✓	✓	✓	✓	✓	
Ordering, Receiving and Paying for Stock	✓	x	✓	✓	✓	✓
Stock held Securely	✓	✓	✓	✓	✓	✓
Stock Properly Accounted For	✓	✓	✓	✓	x	✓
Stock Levels	✓	✓	✓	x	x	✓

3.2 Overall there are good stock controls in operation over the areas reviewed with the lack of written stock procedures being the most common weakness in 3 of the 6 sections. However there are standard procedures in place for each stock area and the written procedures in place at the 3 sections cover the majority of stock held. Where stock control issues have been identified these are mainly concentrated at Waste and Roads Sections Further details as to the operation of stock controls in the 6 sections can be seen in paragraphs 3.3 to 3.16.

3.3 We can provide significant assurance that stores procedures are operated in accordance with the Council's Financial Regulations with particularly good practice followed by the Property Contracts Unit (PCU), who hold 44% per value of the Council's stock.

3.4 Stock Certificates, confirming that stock records are complete and accurate are received from services that hold stock at year-end. It was also verified that the stock balances at year-end were valued in accordance with the relevant accounting standards.

Stock Control Instructions / Procedures

3.5 Accountancy Services send out instructions for the year-end annual stock take along with the pro-forma Stock Certificates. PCU, CES and Catering have additional documented stock procedures, which include stock taking. The PCU procedures also cover stock issues, returns and goods received, the Catering procedures include stock rotation, storage of the stock and the CES procedures include procedures for orders, payments, and delivering, maintaining and writing-of the equipment. Fleet, Roads and Waste do not have documented stock procedures. (Finding 5.1)

Stock Control Systems

3.6 We can provide reasonable assurance that stock control systems are efficient. In particular, PCU, Roads and CES maintain a full stores master file record. Waste Services does not record receipts of stock in FLARE, the Waste IT system, with no ongoing record of actual stock. (Finding 5.2)

Checking Stock In and Out

3.7 Any stock adjustments and write-offs are authorised by a senior manager and entered into the relevant IT systems by an independent employee. Stock records are held securely with access restricted to authorised employees only and access to write-of fields further restricted.

3.8 In general, receipts are supported by an authorised order and delivery note, which is checked to the actual goods received. In addition, PCU complete goods received notes on-line. Delivery lines for vehicle parts are being checked to the order by Fleet but are not being passed to Business Support to

match to the invoice. It is acknowledged that this is a transition period for Fleet with new contracts started and Fleet does not have a designated store person. (Finding 5.3)

Ordering, Receiving and Paying for Stock

3.9 In general, there is an adequate separation of duties between ordering, receiving and paying for goods. However, it was identified that a Business Support Administrator, who is not an authorised signatory, was authorising orders for CES. The implementation of the new Finance System will now prevent this. Write-offs of obsolete or damaged stock are authorised by an independent senior officer. There were no recent significant write-offs or surplus stock disposed off.

3.10 On an individual basis the departments' stock systems are relatively efficient for managing stock. However, given the number of disparate stock control systems in place consideration should be given to introducing a corporate stock control system. (Finding 5.4) IT Senior Management have advised that the recently introduced Corporate Finance System has an asset management module which could potentially be developed into a corporate system for stock control.

Stock Held Securely / Stock Properly Accounted For

3.11 We can provide significant assurance that stock is held securely and is properly accounted for. Good practice was found for CES stock. Any stock differences identified at the year end stock take relate to processing delays with stock still to be written off and these are corrected prior to the final year end valuation. In addition, sample testing of six physical stock items agreed to the number recorded in the CES system. Any discrepancies found at the PCU year-end stock take are all double-checked by independent senior officers. There were no sample checks carried out on PCU van imprest stock (small stock of miscellaneous items required to carry out routine property repairs) due to savings required for the overtime worked at the stock check. Property Services Management have taken the decision to manage this risk with van imprest stock only 20% of the overall PCU Maintenance Stock, and Tradesmen were instructed to check their own stock was up to date. Van Imprest Stock sheets were reviewed and no material discrepancies were identified. In addition Accountancy compare stock levels on the year-end stock certificates with those of the previous years with any significant variations investigated with the Service. We are content with the PCU van imprest stock arrangements in place.

Stock Levels

3.12 Catering Supervisors carry out regular stock takes with the Catering Manager ensuring that these are being carried out. Senior Catering Officers also carry out audits at all catering locations twice a year with the locations targeted where it is thought that there is some wastage of food. PCU Storemen review their own stock every two months where they also review reorder levels. Driver/Technicians review the CES stock every two weeks and identify stock requiring to be reordered. Weekly dipstick readings are taken of diesel for reordering purposes.

3.13 The Roads Storeman only carries out a check on stock when handing over to a Relief Storeman. A spot check of stock items to the system at Services found a number of differences with Roads Contracts and Roads Lighting stock. (Finding 5.5) Items booked out for out of hours work within Roads is not always notified to the Roads Storeman. Higher value items are to be moved to a more secure store within Forthbank. A Storeman is called out for any emergency issues for Property Maintenance repairs.

3.14 All stock areas were found to be secure with authorised employees only having access to stores and alarms. Suitable arrangements are in place for storing and handling goods. The only goods not delivered into stores are stair lifts which are fitted by the supplier. CES check before paying the invoice that the stair lift was delivered and fitted correctly.

3.15 We can provide reasonable assurance that appropriate stock levels are held. Servitor, the Property Services costing and stock system, requires minimum, maximum and reorder levels to be set for PCU stock. Management set and review these levels to ensure stock levels are consistent and meet demand. Stock levels are set within CES but not used currently for budget reasons with a low stock level being maintained. This means that stock now requires to be ordered on a fortnightly basis rather

than monthly as it was previously. Roads and Waste can set stock levels in their IT systems but these are not used with manual estimates used for reordering stock. (Finding 5.6) Waste has had recent issues over not ordering stock in good time. If the receipts of stock orders were input and the stock levels set in FLARE, a system prompt would alert when stock required to be reordered.

3.16 PCU is aware that they have slow moving stock, which requires to be reviewed and written off if appropriate. The service is waiting for a new Housing Management system to be put in place before reviewing the slow moving stock. This new system is expected to be implemented during 2016/17. (Finding 5.7) Fleet are aware that they require to review stock levels for vehicle parts when the new contracts are embedded with the aim of streamlining the stock held.

3.17 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	-
Priority 3	7
Priority 4	-

MANAGEMENT ACTION PLAN

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.1	Roads, Fleet and Waste do not have documented stock procedures in place.	Employees may not be aware of the correct procedures to follow.	3	<p>ROADS: Roads Contracts employees will be reminded of the procedure for drawing (or returning) stock items (through Tool-Box Talk. A flow-chart will be drawn up and issued to any temporary storeman stating the procedure which should be followed.</p> <p>WASTE: Documented procedures for stock control will be introduced and employees made aware of the procedure.</p> <p>FLEET: Documented procedures for stock control will be introduced and employees made aware of the procedure.</p>	<p>Technical Support Officer, Environment Manager</p> <p>Team Leader Waste Services and Streetcare</p> <p>Interim Fleet Team Leader</p>	31 August 2016
5.2	Waste does not record receipts of stock in their IT system with no ongoing record of stock.	A lack of stock records which show the value of Waste stock at any given time. It would not be possible to easily ascertain what items were held.	3	<p>WASTE. Waste Services does not have an IT system for stock control. Access to a corporate IT stock control system would be advantageous across a number of fronts. As an interim measure Waste Services will maintain manual, spreadsheet records, of stock receipts (separate from GRN/ Invoice / Receipting which is in place).</p>	Team Leader Waste Services and Streetcare	31 August 2016 in conjunction with 5.1
5.3	Delivery lines for vehicle part stocks are being checked by a Mechanic. However, the delivery lines are not being passed to Business Support to match to the invoice.	A lack of adequate documentation supporting all payments for stock purchases. An incorrect invoice could be paid.	3	<p>FLEET: The audit took place during the transition to a new parts supplier and the new One Council system. Agreement with the parts supplier will lead to consolidated invoices showing reconciliation of delivery/return and goods used.</p>	Interim Fleet Team Leader	31 August 2016

STOCK CONTROL

APPENDIX K

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
5.4	<p>There are a number of disparate stock control systems in place across the Council.</p> <p>Consideration should be given to introducing a corporate stock control system.</p>	Duplication of effort and inefficient stock control systems.	3	<p>Within the Tech One project currently being implemented the Assets and inventory modules are being considered by the Project Board</p>	IT Service Manager	31 December 2016
5.5	<p>No regular stock checks are undertaken at Roads. A spot check carried out during the audit identified a number of differences between the actual stock and the stock records.</p>	Possible errors/losses/thefts of road stock.	3	<p>Desirable or expensive items have been moved to a new - much more secure - internal store. A secure external storage area has been created to stock larger or low value items.</p> <p>Storeman will be instructed to carry out ad-hoc stock checks throughout the year, particularly on return from leave.</p> <p>Technical Support Officer will carry out ad-hoc checks to insure compliance</p> <p>Matter will be discussed at tool-box talk in order everyone is aware of responsibilities.</p>	Technical Support Officer	31 August 2016
5.6	<p>Roads and Waste do not use minimum, maximum and reorder level and only reorder when stock going low. Waste has had problems with not ordering stock in good time as over estimated the level of stock held.</p>	Inappropriate levels of stock may be held with items out of stock.	3	<p>ROADS: MISC has the ability to set min/max/reorder levels, but Roads Contracts chooses not to set them. Stock levels are closely monitored and stock is not just reordered when stocks get low. The storeman is aware of which items are fast-moving and which are slow.</p> <p>The stores controller is also aware and orders stock on a regular basis prompted by an 'order' from the storeman. There is minimal overstocking of any stores item and very rarely is there a shortage.</p> <p>WASTE: This relates to the supply of</p>	<p>Technical Support Officer</p> <p>Team Leader Waste Services and</p>	<p>N/A</p> <p>WASTE: 31 August 2016</p>

STOCK CONTROL

APPENDIX K

Ref	Finding	Risk	Priority	Agreed Management Action	Responsible Officer	Target Date
				food waste bags, which due to an unexpected surge in demand ran short. Delivery lead times are lengthy; maybe 12 weeks because the bags are biodegradable, therefore keeping contingency stock is not an option. Stock was ordered on time for normal consumption rate but was overtaken by a surge in demand. Informal reciprocal contingency arrangements with neighbouring councils allow food waste bags to be sourced from their stock to meet short-term demand. Minimum re-order levels will be reviewed and flexibility in supply-chain explored to reduce the possibility of shortage.	Streetcare	
5.7	Property Maintenance is aware that they have slow moving stock, which requires to be reviewed and potentially written off as obsolete.	Accumulation of slow-moving/obsolete stock.	3	As part of the implementation of the new Housing Management System slow moving stock will be reviewed and potentially written off as obsolete before migration to new system.	Purchasing Officer	31 January 2017

**Clackmannanshire Council
National Fraud Initiative 2016-17
Plan for Exercise**

Roles and Responsibilities

Internal Audit and Fraud are responsible for co-ordinating the NFI exercise and reporting the progress of investigations to Audit Scotland. Internal Audit and Fraud will also liaise with services and provide guidance, where necessary.

Responsible Officers are responsible for the data extract and upload and for investigating data matches and forwarding comments and outcomes of investigations to Internal Audit on a timely basis.

There are two phases of the exercise with Phase 1 being data extract and upload and Phase 2 being investigation.

- **Responsible Officers** are reminded of their data protection, confidentiality and security obligations when handling data. Information provided to Local Authorities through the data matching process can be personal and/or sensitive and therefore covered by the Data Protection Act 1998.
- All contracts of employment state that all official information provided to employees in the course of their duties is confidential and must not be disclosed to third parties except as required by law or by express authority of Clackmannanshire Council. This is not just a contractual responsibility but also a requirement of the Data Protection Act 1998. To comply with this, Responsible Officers should ensure that all:
 - personal data is protected against unauthorised access or misuse;
 - paper records containing personal data are stored securely in a locked cabinet or cupboard;
 - electronic records containing personal data are controlled by limited access to designated individuals;
 - computers are password-protected when unattended;
 - documentation removed from the office when, for example, working from home, is treated in the same way as in the office;
 - documentation containing personal data is disposed of securely by shredding or placing in confidential waste sacks;
 - personal data is kept strictly confidential;
 - personal data is stored in a suitable location, e.g., fireproof, damp proof etc.; and
 - personal data is removed from all computers before disposal.

Managers are responsible for ensuring their staff receive appropriate and adequate data protection training and for making them aware of the requirements for confidentiality.

Phase 1 - Data Export and Upload

The data extracts will be exported by the responsible officers within the relevant services and are to be passed to ICT Development Officer, IT. Where appropriate test data can be exported in advance and passed to IT staff.

Required Data Sets	Responsible Officer
Payroll	Payroll Supervisor, Payroll Staff and HR System Officer
Current Tenants	Performance and Information Officer
Housing Waiting Lists	Performance and Information Officer
Tenants (right to buy)	Performance and Information Officer and House Sales Officer
Blue Badges	Technician, Roads and Transportation (this Data Set will be provided on a national basis by Northgate)
Residents' Parking	Technician, Roads and Transportation
Private Supported Care Home Residents	Business Support Team Leader supported by ICT Development Officer
Personal Budget Direct Payments	Business Support Team Leader supported by System Liaison and Project Coordinator
Trade Creditors payments history	Team Leader Accountancy
Trade Creditors standing data	Team Leader Accountancy
Taxi Drivers Licence Holders	Licensing Administrator
Marker Traders Licences	Licensing Administrator
Personal Licences for Supply of Alcohol	Licensing Administrator
Personal Injury Insurance Claims	Insurance Officer (Providers are to submit the insurance data in place of councils)
Council Tax Reduction Scheme	Revenues Controller

Note that other datasets will be provided by other organisations i.e. Housing Benefits data by the DWP and pensions by Falkirk Council.





Proposed Timetable for Phase 1

The dates given are the deadlines we are proposing.

Phase 1- Proposed Timetable			
	Action	Date	Date Completed
1.	Confirm list of Datasets ("DFU") by Internal Audit and Fraud	Friday, 26 August 2016	
2	Fair Processing Notice	Friday, 30 September 2016	
3.	Test data to be forwarded to IT staff member.	Friday, 9 September 2016	
4.	Due date for data submission back to IT staff member	Friday, 16 September 2016	
5.	Completion of Fair Processing Compliance by Internal Audit and Fraud	Friday, 16 September 2016	
6.	Data passed to IT staff member for uploading	Friday, 30 September 2016	

A plan for the investigations process of data matches from the data sets will be forwarded towards the end of the calendar year.












Internal Audit & Fraud Progress Report: All services

Key to symbols	
	Overdue
	Check Progress
	In Progress, on track
	Completed

Audit name	Priority				Status
	1	2	3	4	
Absence Management			1	1	
Adult Care - Commissioning of Care		1	2		
Budget Management & Monitoring			2		
		1			
		3	2		
Business Continuity Planning		3	1		
Capital Project Management			1		
Cash Collection & Handling			3		
Compliance with IT Security Standards			1		
Consultancies and Agency Workers			1		
		3	1		
			1		
Debt Recovery			9		
Delegated Financial Approval Authority		1			
Funding applications including European		1	1		
General Ledger		1		1	
		1	1		
Housing Benefit & Council Tax Reduction		1	2		
Income Collection & Cash Receipting			1		
			1		
Information Governance	1				
		7	1		
iTrent Project Implementation		1	1		
JALG Decision Making			2		
		2			

PROGRESS OF FOLLOW UP OF INTERNAL AUDIT REPORTS

APPENDIX M

Audit name	Priority				Status
	1	2	3	4	
Leisure Income			3		
Mobile Phone Usage		1	4		
Payroll & HR			1		
PPC action plan		1	1		
		5	7		
Progress of new Finance System Project				1	
		1			
Savings and Efficiencies - Overtime		2	5		
			1		
Travel and Subsistence		2			
			2	1	
Treasury Management				1	