
Report to: Audit Committee

Date of Meeting: 29 April 2021

Subject: Internal Audit Plan 2021/22

Report by: Internal Audit Manager (Acting)

1.0 Purpose

- 1.1. This report presents a 2021/22 Internal Audit Plan for approval.

2.0 Recommendations

- 2.1 It is recommended that the Committee:

- notes the resources available to Internal Audit;
- notes that the plan is indicative and flexible;
- approves the Internal Audit Plan for 2021/22; and
- notes that progress will be reported to the Audit Committee on an ongoing basis.

3.0 Considerations

- 3.1 The Public Sector Internal Audit Standards 2017 (PSIAS) require the preparation of a risk based Internal Audit Plan setting out the team's annual work programme. For 2021/21, this has again been done within the context of a Joint Working Agreement with Falkirk Council (this Agreement covers the period to 31 March 2023).
- 3.2 This Plan must be considered within the context of the ongoing impact of the COVID-19 pandemic. Priorities, resource, and Directorate capacity has, and will continue to, fluctuate and change over the course of 2021/22. This Internal Audit Plan must be considered indicative and flexible. There is a chance that all planned assignments will be completed, and Internal Audit resource will be (and has been) directed to areas where there is the greatest need (for example in relation to new and amended processes arising as a result of COVID-19).
- 3.3 The Committee will be aware that the Internal Auditor is currently undertaking COVID-19 specific duties and will return to Internal Audit duties from May 2021 onwards. In addition, the former Internal Audit Manager resource was

unavailable from February 2021, interim arrangements have been put in place to manage the team and appoint a permanent successor. Both these events have resulted in a reduction (of 32 days) in the resources available for the 2021/22 Internal Audit Plan.

4.0 Clackmannanshire Council Internal Audit Plan – Internal Audit Resources and Reporting Arrangements

4.1 Internal Audit's role is to provide a balanced and evidence based opinion on the adequacy of the Council's arrangements for risk management, governance, and control.

4.2 To do this, the Internal Audit team must be:

- independent;
- objective in performing audit work; and
- adequately resourced, experienced, qualified, and knowledgeable.

4.3 All members of the Internal Audit team are experienced and professionally qualified. The role, authority, and responsibility of the team is formalised within an Internal Audit Charter. The updated Charter was approved by the Committee at the December 2020 meeting. The Charter is clear that Internal Auditors will have no direct operational responsibility or authority over any of the activities audited, and that they must exhibit the highest level of professional objectivity at all times.

4.4 The resource available to deliver the 2021/22 Internal Audit Plan is summarised in the table below:

Activity	Planned Days
Annually Recurring Assignments	49
Committed Assignments	115
Indicative Assignments	115
Consultancy Work	25
Work on Recommendations Outstanding	5
Central Scotland Valuation Joint Board	20
Clackmannanshire and Stirling IJB	20
Total	349

4.5 Key points relating to this table are:

- **Annually Recurring Assignments:** these are assignments that Internal Audit is committed to undertaking on an annual basis. They will be completed as demand requires, and time permits, over the course of the year. A summary of each of these assignments is set out at Appendix 1;

- **Committed Assignments – April 2021 to September 2021:** Largely as a result of COVID-19, it is inevitable that there will be changes to the council's risk profile over the course of the year. On that basis, Internal Audit will commit to undertaking a programme of priority assignments for the first six months of the year. Details of these reviews are set out at Appendix 2. Where possible there will be a particular focus in these audits on COVID-19 recovery arrangements.
 - **Indicative Assignments – October 2021 to March 2022:** while it is desirable to ensure that there is a degree of flexibility in the latter part of the year to react to any changes in the Council's risk profile, there remains a need to set out an 'indicative' plan for that period. This is set out at Appendix 3.
- 4.6 As required by PSIAS, this Plan was developed taking account of key financial and other risks. This was done by:
- considering the Council's Corporate Risk Log;
 - reviewing key governance documents (such as the Corporate Plan and Committee papers); and
 - consulting with senior managers.
- 4.7 For each assignment a more detailed Terms of Reference will be agreed with the relevant Strategic Director prior to the commencement of fieldwork. This will be linked to the relevant corporate risk(s) and set out the scope of work to be undertaken.
- 4.8 On completion of each review, Internal Audit will issue a draft report to the Strategic Director. In most instances, this will include an opinion on the adequacy of risk management, governance, and control arrangements in the area under review, and an action plan setting out any recommendations for improvement. The assurance will be provided in line with the definitions set out at Appendix 4.
- 4.9 For some assignments no overall assurance will be provided. This may be the case where, for example, Internal Audit undertake work in relation to a developing system and issue a Position Statement rather than a full report (although recommendations may still be raised), or where we are involved as part of a longer term workstream.
- 4.10 Where Internal Audit makes recommendations, the Strategic Director will be required to provide formal responses (including action dates). The report and completed action plan will then form the final record of the assignment. Chief Officers are responsible for ensuring that all recommendations are implemented by the agreed action date, and the corporate Pentana system is used to monitor and manage this.
- 4.11 Progress with completing the 2021/22 Internal Audit Plan will be reported to Committee throughout the year. Internal Audit will work closely with the Council's appointed External Auditors, Audit Scotland, to ensure that work is co-ordinated and complimentary.

- 4.12 Each year, an Internal Audit Annual Assurance Report will be presented to Committee. This will give an overall opinion on the Council's risk management, governance, and control arrangements, based on the work Internal Audit has carried out over the course of the year.

5.0 Sustainability Implications

- 5.1. None Noted.

6.0 Resource Implications

6.1. *Financial Details*

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

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

6.4. *Staffing*

7.0 Exempt Reports

- 7.1. 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 ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐
Our families; children and young people will have the best possible start in life ☐
Women and girls will be confident and aspirational, and achieve their full potential ☐
Our communities will be resilient and empowered so that they can thrive and flourish ☐

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

8.0 Equalities Impact

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

Yes ☐ No ☐

9.0 Legality

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

10.0 Appendices

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

- Appendix 1: Internal Audit Plan 2021/22 – Annually Recurring Assignments.
- Appendix 2: Internal Audit Plan 2021/22 – Committed Assignments.
- Appendix 3: Internal Audit Plan 2021/22 – Indicative Assignments.
- Appendix 4: Definition of Internal Audit Assurance Categories.

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
Stuart Crickmar	Strategic Director Partnerships and Performance	

INTERNAL AUDIT PLAN 2021/22 – ANNUALLY RECURRING ASSIGNMENTS

No.	Directorate	Purpose and Scope of Assignment
A01	All Directorates	<p>National Fraud Initiative</p> <p>The National Fraud Initiative (NFI) is a bi-ennial counter fraud exercise using data matching to identify potential fraud and error. In Scotland, the NFI is administered by Audit Scotland, with the results of the data matching exercise made available to individual Councils via a secure website. Data matches relate to areas such as Housing Benefit, Council Tax Discount, Payroll, Pensions, and Creditors.</p> <p>The Internal Audit Manager is 'key contact' for Clackmannanshire Council. The role of the 'key contact' is to co-ordinate the gathering of data from Services and to upload that data to the secure NFI web portal (October 2020). When the outcomes arising from Audit Scotland's data matching are released back to the Council (from January 2021 onwards) it is the responsibility of the 'key contact' to co-ordinate and support Services in their investigation of those matches.</p> <p>Risks Mitigated:</p> <ul style="list-style-type: none"> • Insufficient Financial Resilience; and • Failure to Address Serious Organised Crime.
A02	All Directorates	<p>Continuous Auditing</p> <p>This will focus on the testing of payments to suppliers of goods and services to identify any potential duplicate amounts paid.</p> <p>Risk Mitigated:</p> <ul style="list-style-type: none"> • Insufficient Financial Resilience.
A03	Place	<p>Climate Change Act Public Body Duties Audit</p> <p>The Climate Change (Scotland) Act introduced the requirement for public bodies to report on their climate change duties. The Council must submit an Annual Report to the Sustainable Scotland Network (SSN). This report must cover areas such as climate change governance, management and strategy, emissions, targets, and projects.</p> <p>Internal Audit will review reporting arrangements, and the accuracy of the information included in the report, prior to submission to the SSN.</p>
A04	All Directorates	<p>Consultancy Work</p> <p>The Public Sector Internal Audit Standards are clear that the provision of ad hoc consultancy and advice to Services is a key element of Internal Audit's role.</p> <p>This time will be used to work closely with Services on things like: involvement in corporate projects and working groups; the provision of advice on guidance and controls; short term assignments requested by Services; and input into the investigation of actual or alleged irregularities.</p>
A05	Clackmannanshire and Stirling Integration Joint Board	<p>Clackmannanshire and Stirling Integration Joint Board</p> <p>NHS Forth Valley's Chief Internal Auditor has fulfilled that role for the Integration Joint Board (IJB) for the three years since 01 April 2019. He will present the Internal Audit Plan for 2021/22 to the IJB Audit Committee.</p> <p>Clackmannanshire Council's Internal Audit team will provide resource to support the IJB Chief Internal Auditor in discharging his duties.</p>

No.	Directorate	Purpose and Scope of Assignment
A06	Central Scotland Valuation Joint Board	Central Scotland Valuation Joint Board To be determined and agreed with Board management.

INTERNAL AUDIT PLAN 2021/22 – COMMITTED ASSIGNMENTS

No.	Directorate	Purpose and Scope of Assignment
A07	Partnership and Performance / All Directorates	<p>COVID 19 Grants This will focus on the transactional testing of the grant assessment and decision making arrangements for the different grants that have gone live since December 2020. For a sample of payments we will review the validity of the decision reached by the Assessing Officer.</p> <p>Risks Mitigated:</p> <ul style="list-style-type: none"> • Insufficient Financial Resilience; and • Public Health Emergency.
A08	Partnership and Performance / All Directorates	<p>Staff Wellbeing and Support Arrangements We will review staff wellbeing governance arrangements. This will include overarching accountability and responsibility, as well as policy and strategy.</p> <p>We will also review the extent to which operational arrangements have been established, how staff are made aware of, and signposted to, relevant support, and how the outcomes of support are reported to Senior Leadership Group and elected Members.</p> <p>Risks Mitigated:</p> <ul style="list-style-type: none"> • Health and Safety breach; and • Inadequate workforce planning.
A09	Place / All Directorates	<p>Legionella Management Arrangements We will review the corporate policies, procedures, guidance, and training for ensuring consistency and compliance with relevant legislation/regulations.</p> <p>We will also review the monitoring and inspection procedures, and arrangements for ensuring that all risk assessment and preventative work is undertaken by qualified individuals.</p> <p>We will also review operational arrangements at a number of Council premises (non-Housing) and, where appropriate, the arrangements for reopening these buildings after lockdown restrictions have been eased.</p> <p>Risks Mitigated:</p> <ul style="list-style-type: none"> • Health and safety breach; and • Public Health Emergency.
A10	Partnership and Performance / All Directorates	<p>Social Media This review will focus on the corporate strategy and procedures. This will include: roles and responsibilities; training; the approval process for setting up Council social media accounts and allocating access; and controls to prevent inappropriate access or disclosures.</p> <p>Risk Mitigated:</p> <ul style="list-style-type: none"> • Information not managed effectively.

INTERNAL AUDIT PLAN 2021/22 – INDICATIVE ASSIGNMENTS

No.	Directorate	Purpose and Scope of Assignment
A11	Place / All Directorates	<p>Operational Fleet – Management and Monitoring This review will focus on arrangements for ensuring that the mix and number of operational vehicles owned and rented (across all Directorates) is aligned with the changing business need.</p> <p>Risks Mitigated:</p> <ul style="list-style-type: none"> • Insufficient financial resilience; and • Health and safety breach.
A12	Partnership Performance and	<p>Non Domestic Rates</p> <p>We will assess compliance with Non Domestic Rates policies and regulations. This will involve review of arrangements for the calculation, billing, and collection of Non Domestic Rates</p> <p>This will focus on the framework of policies and procedures that govern the Council's approach to collection, monitoring, and write off, as well as transactional testing to assess the effectiveness of these arrangements.</p> <p>Risk Mitigated:</p> <ul style="list-style-type: none"> • Impact of Poverty, Inequality, and Changing Demographics; and • Insufficient financial resilience.
A13	All Directorates	<p>Savings Tracking Following on from work undertaken during 2019/20, and based on the suite of savings agreed by Council, we will review the achievement of a sample of savings, and arrangements for reporting to Senior Leadership Group and elected Members.</p> <p>Risk Mitigated:</p> <ul style="list-style-type: none"> • Insufficient pace and scale of organisational transformation.
A14	People	<p>Leisure Banking This review will focus on roles, responsibilities and procedures. We will review income handling, including the secure storage, transfer, banking, and recording of income. We will also review compliance with the revised procedures for bank account reconciliations.</p> <p>Risk Mitigated:</p> <ul style="list-style-type: none"> • Insufficient financial resilience.
A15	All Directorates	<p>Contract Management and Monitoring Following on from work undertaken during 2020/21, we will review progress with implementing the agreed management action plan.</p> <p>Risk Mitigated:</p> <ul style="list-style-type: none"> • Insufficient financial resilience.

DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial Assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited Assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.