



**Clackmannanshire  
Council**

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Comhairle Siorrachd  
Chlach Mhanann

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

## **Audit Committee**

**Thursday 25 April 2019 at 9.30 am**

**Venue: Council Chamber, Kilncraigs,  
Greenside Street, Alloa, FK10 1EB**

Date	Time
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## **Audit Committee**

The remit of the Audit Committee is:

To ensure that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it.

In relation to the authority's internal audit functions:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit by approving the annual Internal Audit Plan

To consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations

To monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption

To consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control

To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process

To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

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**12 April 2019**

**A MEETING of the AUDIT COMMITTEE will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 25 April 2019 at 9.30 am.**



**STUART CRICKMAR  
Strategic Director (Partnership & Performance)**

**B U S I N E S S**

	<b>Page no.</b>
1. Apologies	--
2. Declaration of Interests Members should declare any financial or non-financial interests they have in any item on this agenda, identifying the relevant agenda item and the nature of their interest in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
3. Confirm Minutes of Meeting of the Audit Committee held on 7 February 2019 (Copy herewith)	05
4. External Audit: Management Report 2018/19 - report by the Chief Finance Officer (Copy herewith)	09
5. Internal Audit Plan 2019/20 – report by the Internal Audit Manager (Copy herewith)	21
6. Council Financial Performance 2018/19 – December Outturn - report by the Chief Finance Officer (Copy herewith)	35
7. Exceptions from the Application of Contract Standing Orders – report by the Strategic Director, (Partnership and Performance (Copy herewith)	51
8. Building Security – report by Strategic Director, (Partnership & Performance) (Copy herewith)	55

## Audit Committee – Committee Members (Membership 8 - Quorum 4)

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### Councillors

### Wards

Councillor	Bill Mason	(Convenor)	5	Clackmannanshire East	CONS
Councillor	Dave Clark	(Vice Convenor)	2	Clackmannanshire North	LAB
Councillor	Darren Lee		1	Clackmannanshire West	CONS
Councillor	Tina Murphy		1	Clackmannanshire West	SNP
Councillor	Helen Lewis		2	Clackmannanshire North	SNP
Councillor	Derek Stewart		3	Clackmannanshire Central	LAB
Councillor	Chris Dixon		4	Clackmannanshire South	IND
Councillor	Ellen Forson		4	Clackmannanshire South	SNP

The Council agreed that the Convenor of the Audit Committee will rotate between the 2 Opposition parties on an annual basis.



**MINUTES OF MEETING of the AUDIT COMMITTEE held within the Council Chamber, Kilncraigs, Greenside Street, ALLOA, FK10 1EB, on THURSDAY 7 FEBRUARY 2019 at 9.30 am.**

**PRESENT**

Councillor Bill Mason (Convenor)  
Councillor Dave Clark (Vice Convenor)  
Councillor Ellen Forson  
Councillor Helen Lewis  
Councillor Derek Stewart

**IN ATTENDANCE**

Nikki Bridle, Chief Executive  
Stuart Crickmar, Strategic Director, Partnership and Performance  
Paula Tovey, Chief Accountant (Interim)  
Gordon Smail, External Auditors  
Tom Baird, External Auditors  
Gordon O'Connor, Internal Audit Manager  
Judi Richardson, Performance and Information Adviser  
Lindsay Thomson, Senior Manager, Partnership and Performance (Clerk to the Committee)  
Melanie Moore, Committee Services

**AC(19)01 APOLOGIES**

Apologies for absence were received from Councillor Lee and Councillor Dixon.

**AC(19)02 DECLARATIONS OF INTEREST**

None.

**AC(19)03 CONFIRM MINUTES OF MEETING HELD 6 DECEMBER 2018**

The minutes of the Meeting of the Audit Committee held on 6 December 2018 were submitted for approval.

**Decision**

The minutes of the Meeting of the Audit Committee held on 6 December 2018 were agreed as a correct record and signed by the Convenor.

\* \* \* \* \*

*As this was Paula Tovey's last Audit Committee as Interim Chief Finance Officer the Convenor thanked her for all her support and wished her all the best in the future. He also welcomed back Lindsay Sim who recently took up the post of Chief Finance Officer.*

\* \* \* \* \*

**AC(19)04      EXTERNAL AUDIT: PLANNING REPORT 2018/19**

A report, submitted by the Chief Finance Officer and Section 95 Officer, set out the planned audit activity in respect of the audit of the financial year 2018/19.

**Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Dave Clark. Seconded by Councillor Derek Stewart.

**Decision**

Following a discussion on the report, the Committee agreed to note the proposed external audit plan for 2018/19.

**AC(19)05      INTERNAL AUDIT PROGRESS REPORT 2018/19**

A report, submitted by the Internal Audit Manager, provided an update on progress with completing the 2018/19 Internal Audit Plan.

**Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Dave Clark. Seconded by Councillor Ellen Forson.

**Decision**

Having commented on and challenged the report, the Committee agreed to note report and the progress being made with completing the 2018/19 Internal Audit Plan.

**AC(19)06      COUNCIL FINANCIAL PERFORMANCE 2018/19 – OCTOBER OUTTURN**

A report, submitted by the Chief Finance Officer, provided an update on the financial performance for the Council in respect of the General Fund (GF) revenue, capital and the achievement of savings to date, for the current financial year, 2018/19. The paper also provided an update on the financial performance for the Council in respect of the Housing Revenue Account (HRA) revenue and capital spend, for the current financial year, 2018/19.

**Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Dave Clark.

**Decision**

Having commented on and challenged the report, the Committee agreed to note:

1. General Fund revenue spend is forecasting an improved position with an overspend of £0.135m for the year to March 2019;
2. The Health and Social Care Partnership (H&SCP) is forecasting an improved position with an overspend for the year of £1.152;

3. The forecast Housing Revenue Account (HRA) revenue surplus for the year of £(0.604m) to March 2019 (August figure);
4. The capital programme in both HRA and GF are currently showing slippage and are expected to be underspent by the year end; and
5. The improved likely achievement in delivering the £7.3 savings programme currently 83.5%, to the end of October (78.7% August).

**AC(18)07      17/18 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK**

A report, submitted by the Strategic Director, Partnership and Performance, performance information from the Local Government Benchmarking Framework (LGBF), focusing on Clackmannanshire Council's performance in the 2017/18 financial year in relation to other Scottish local authorities.

**Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Ellen Forson. Seconded by Councillor Dave Clark.

**Decision**

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

Ends 1035 hours





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**Report to Audit Committee**

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**Date of Meeting: 25 April 2019**

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**Subject: External Audit: Management Report 2018/19**

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**Report by: Chief Finance Officer**

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**1.0 Purpose**

- 1.1 The purpose of the attached External Audit Management Report (Appendix A) is to summarise the key issues identified during the interim audit work. The findings from this work will influence the approach to the audit activity in respect of the audit of the financial year 2018/19

**2.0 Recommendations**

It is recommended that the Committee.

- 2.1. Discusses and notes the key issues identified in the report.

**3.0 Considerations**

- 3.1 As per the External Audit Annual Audit Plan 2018/19 submitted to this Committee in February 2019, this Management Report sets out the findings of their interim work. This work focuses on testing of key controls to gain assurance over the processes and systems used in preparing the annual accounts. This will then determine the activity of the audit.
- 3.2 Due to the statutory basis of the work of the external auditor, all external audit activity undertaken against the annual audit plan is formally reported to Committee.

**4.0 Conclusions**

- 4.1 The attached report sets out details of the interim work on key systems controls testing and identifies areas of activity for the 2018/19 audit.

**5.0 Sustainability Implications**

- 5.1 N/A

## 6.0 Resource Implications

- 6.1 *Financial Details* - there are no implications for the Council's budgets arising from this report
- 6.2 *Staffing* - there are no implications for the Council's establishment arising from this report

## 7.0 Exempt Reports

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

## 8.0 Declarations

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

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

- 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)

N/A

## 9.0 Equalities Impact

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

## 10.0 Legality

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

## 11.0 Appendices

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

External Audit Management Report 2018/19.

## 12.0 Background Papers

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

Yes  (please list the documents below)

### External Audit Annual Audit Plan 2018/19

#### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Lindsay Sim	Chief Finance Officer	2022

#### Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Strategic Director Partnership & Performance	

# Clackmannanshire Council

Management Report 2018/19



 AUDIT SCOTLAND

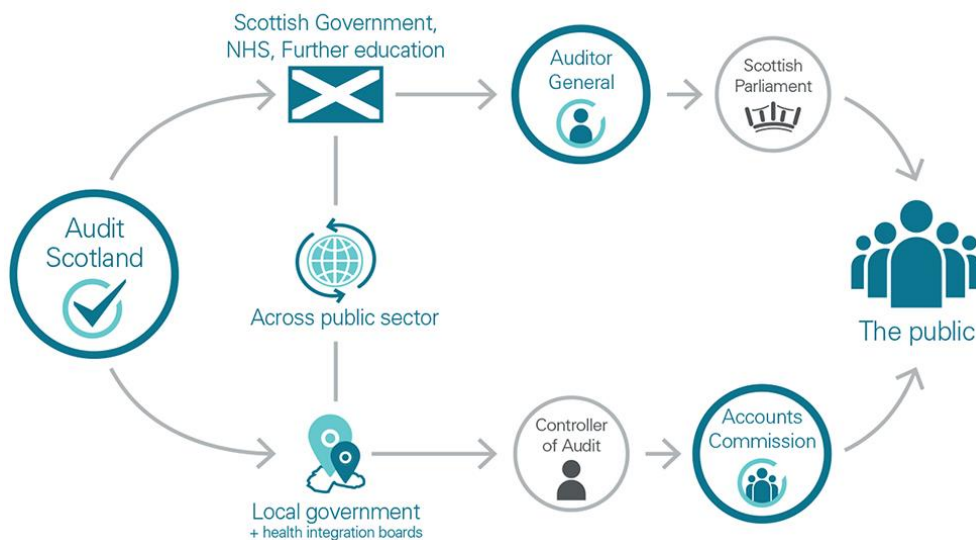
Prepared for Clackmannanshire Council

April 2019

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Audit findings

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## Introduction

1. This report summarises issues identified during our interim audit at Clackmannanshire Council (the council). This work included testing of key controls within financial systems to gain assurance over the processes used in preparing the annual accounts. We will consider the results of this testing when determining our approach to the audit of the 2018/19 accounts.

2. Our responsibilities under the [Code of Audit Practice](#) require us to assess the system of internal control put in place by management. We seek to gain assurance that the council:

- has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements
- has systems of internal control which provide an adequate means of preventing and detecting material misstatement, error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

## Conclusion

3. We identified areas where controls could be strengthened, as detailed in [Exhibit 1](#) on page six. We will carry out additional work to gain the assurance we require for our audit of the council's 2018/19 annual accounts.

## Work summary

4. Our 2018/19 testing covered key controls in the following areas:

- bank reconciliations
- authorisation of journals
- change of supplier bank details
- IT access controls
- payroll exception reports
- changes to payroll and general ledger chart of account standing data
- budget monitoring.

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

6. The issues identified in preparing this management report are those that have come to our attention during the course of our routine audit work and are not necessarily all the risk areas that may exist. It is the responsibility of management to decide the extent of the internal control system appropriate to the council.


## Follow-up of prior year findings


**7.** We also followed up the council's progress in addressing the control weaknesses identified in our 2017/18 management report. These recommendations have been partially addressed and further work is required to ensure the controls are operating effectively. This is detailed in [Exhibit 1](#).


**8.** We highlight in particular continuing weaknesses in the controls over changes to supplier bank details. This is concerning and needs to be addressed as a matter of urgency. Until this matter is resolved, financial and reputational risks to the council will remain.



## Exhibit 1 2018/19 interim audit key findings and action plan

	Issue/risk	Recommendation	Agreed management action/timing
<b>Audit findings</b>			
<b>1</b>	<p><b>Bank account access rights</b></p> <p>Authorised signatories approve the opening and closing of bank accounts, authorise payments, and approve changes to the list of authorised signatories. We identified that the authorised signatory list is out of date and includes an employee who no longer works for the council.</p> <p>We also found that the user access list for the council's banking system is out of date. Some employees whose responsibilities mean that they do not require access to the system are listed.</p> <p><b>Risk</b></p> <p>There is a risk of unauthorised access to council data.</p>	<p>These lists should be updated as a priority. Senior officers should periodically review access rights to bank accounts and authorised signatory lists to ensure they are up to date. Evidence of this review should be retained.</p>	<p>Changes to authorised signatories and the opening and closing of bank accounts requires multiple authorised signatures. There was a short delay on this occasion due to timing. Normal process is to complete appropriate paperwork on a timely basis.</p> <p>We will permanently delete users who no longer require any access to the system and will continue to review access on a timely basis.</p> <p>Corporate Accountancy Team Leader June 2019</p>
<b>2</b>	<p><b>Bank reconciliations</b></p> <p>Bank reconciliations are a key financial control which highlight possible irregularities and help to identify potential fraud.</p> <p>Our testing found that the council is not performing bank reconciliations on a regular basis and the process is not reviewed by a second officer.</p> <p><b>Risk</b></p> <p>There is an increased risk of undetected fraud or error if bank reconciliations are not completed timeously.</p>	<p>The council should ensure that monthly bank reconciliations are completed and reviewed, and evidence of this is retained.</p>	<p>We will review the process and ensure reconciliations are carried out and reviewed on a regular basis.</p> <p>Corporate Accountancy Team Leader September 2019</p>
<b>Prior year issues</b>			
b/f	<p><b>Changes to supplier bank details</b></p> <p>Last year, we reported finance staff are aware of the importance of ensuring changes to a supplier's bank details are genuine. Staff verify requests for changes in bank details by contacting the supplier by telephone using the number already held by the council.</p>	<p>Evidence of supplier verification should be noted on file for every change of supplier bank details.</p> <p>Staff should now record a note of the verification against the supplier file in the system and attach a</p>	<p>The process was reviewed and updated following the previous recommendation which included recording the verification of any changes.</p> <p>For some of the changes appropriate back up was attached but no explanation of the verification process had been noted.</p> <p>Two of the changes were made from</p>

	Issue/risk	Recommendation	Agreed management action/timing
	<p>Officers do not however retain any evidence that this check has been carried out.</p> <p>Our 2018/19 interim testing found that, for 11 of the 20 cases we sample tested, the council had not recorded evidence of supplier verification on file.</p> <p>In four of the 11 cases, supplier bank details had been changed without verifying that the requests to change were authentic.</p> <p><b>Risk</b></p> <p>Without evidence supporting changes to supplier bank details officers cannot be sure that the proper process has been followed. Failure to perform the control exposes the council to financial and reputational risks.</p> <p><b>Planned audit action</b></p> <p>We will carry out additional work to give us assurance over the accuracy of the council's financial statements.</p>	<p>back up of the new details received.</p>	<p>bank notifications through the BACS system, we will review our procedures and update if we are satisfied this is an appropriate method of notification.</p> <p>We will review our process and training of staff involved to ensure the full verification process is noted against the supplier account for all changes.</p> <p>The Accountancy team are focused on identifying and preventing fraud at all stages. We ensure staff attend training events to raise awareness and share potential risks across the department and will continue to do so to prevent fraud at all stages of our payments process.</p> <p>Corporate Accountancy Team Leader June 2019</p>
b/f	<p><b>Housing rents reconciliation</b></p> <p>Last year we reported that the housing rents system has not been regularly reconciled to the financial ledger during the 2017/18 financial year. The housing rents system has also not been reconciled to the fixed asset register since the last council house revaluation in 2014/15.</p> <p>At the year end audit we noted that a full year reconciliation to the financial ledger was provided. However, this was difficult to follow and there was no evidence that reconciling differences had been investigated.</p> <p>An annual high level reconciliation to the fixed asset register is performed to reflect sales and purchases in the year. Full detailed reconciliations are undertaken in the five yearly valuation.</p> <p><b>Risk</b></p> <p>The purpose of regular accounting reconciliations is to identify errors or unknown items close to the time they occur. If regular reconciliations are not performed</p>	<p>Regular reconciliations should be performed and reconciling differences investigated.</p>	<p>Reconciliations are continuing to be carried out on a regular basis. The reconciliations are being reviewed to simplify the process and this will include a process to record evidence of the investigation of differences.</p> <p>Management Accounting Team Leader and Revenues Manager August 2019</p> <p>Fixed Assets – there is an annual high level reconciliation to reflect sales and purchases in the year. Full detailed reconciliations are undertaken in the five yearly valuation with the next one being carried out during 2019/20.</p> <p>Corporate Accounting Team Leader March 2020</p>

	Issue/risk	Recommendation	Agreed management action/timing
	<p>and reconciling differences investigated there is a risk that potential frauds or errors are not identified timeously or investigated effectively.</p> <p><b>Planned audit action</b></p> <p>We will review the 2018/19 year end reconciliations as part of our final accounts audit.</p>		
<b>b/f</b>	<p><b>Financial management</b></p> <p>In our 2016/17 interim audit report we reported that several documents which set out the council's financial management and governance arrangements are out of date and contain references to previous structures and roles. These are:</p> <ul style="list-style-type: none"> <li>• Financial Regulations (last updated 2008)</li> <li>• Scheme of Delegation (last reviewed 2014)</li> <li>• Corporate Debt Write-off Policy (last reviewed 2012).</li> </ul> <p>Our subsequent audit work confirmed that updated Financial Regulations and updated Corporate Debt Write-off Policy were approved by the council in April 2018 and June 2018 respectively.</p> <p>The Scheme of Delegation was due to be updated in March 2019. The council's redesign of the senior manager structure is ongoing and once this is finalised the Scheme of Delegation will be updated.</p> <p><b>Risk</b></p> <p>There is a risk that differences between written procedures and actual processes and structures leads to key controls not being complied with.</p> <p><b>Planned audit action</b></p> <p>We will follow this up, when the new senior management structure is finalised, to ensure progress has been made.</p>	<p>Documents which set out the council's financial management and governance arrangements should be updated and reflect current structures and roles.</p>	<p>The Scheme of Delegation will be updated once the redesign of the senior manager has been finalised.</p> <p>Director of Performance and Partnership</p> <p>June 2019</p>

Source: Audit Scotland

# Clackmannanshire Council

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**Report to: Audit Committee**

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**Date of Meeting: 25 April 2019**

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**Subject: Internal Audit Plan 2019/20**

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**Report by: Internal Audit Manager**

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### **1.0 Purpose**

1.1. This report presents an Internal Audit Plan for 2019/20 for approval.

### **2.0 Recommendations**

2.1 It is recommended that the Committee:

- notes the resources available to Internal Audit;
- approves the Internal Audit Plan for 2019/20; 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 2019/20, this has again been done within the context of a Joint Working Agreement with Falkirk Council.

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

3.3. To do this, the Internal Audit team must be:

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

3.4. All staff involved in the delivery of Internal Audit services are experienced and professionally qualified, and the role, authority, and responsibility of the team is formalised within an Internal Audit Charter. 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.

3.5. The resource available to deliver the 2019/20 Clackmannanshire Council Internal Audit Plan is summarised in the table below:

Activity	Planned Days
Planned Assignment Time	341
Ad Hoc / Consultancy Work	30
Work on Recommendations Outstanding	10
<b>Total Direct Internal Audit Activity</b>	<b>381<sup>1</sup></b>

3.6. Direct Internal Audit Time is allocated to:

- **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 2019 to September 2019:** It is inevitable that there will be changes to the risk profile of the Council, and the wider external environment (locally and nationally) over the course of the year. On that basis, it would be prudent to ‘commit’ to undertaking a fixed programme of assignments for only the first six months of the year. Details of the reviews to be undertaken between April and September are set out at **Appendix 2**.
- **Indicative Plan – October 2019 to March 2020:** 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**.

3.7. As required by PSIAS, this Plan has been developed taking account of key financial and other risks. This has been done by:

- considering the risks included on the Council’s Corporate Risk Log. The links between planned Internal Audit assignments and corporate risks are included within Appendices 1 to 3; and
- consulting with senior managers.

3.8. 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.

3.9. 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

<sup>1</sup> Including provision of Internal Audit service to Central Scotland Valuation Joint Board and Clackmannanshire and Stirling Integration Joint Board.

improvement. The assurance will be provided in line with the definitions set out at **Appendix 4**.

- 3.10. 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.
- 3.11. 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. Strategic Directors 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.
- 3.12. Progress with completing the 2019/20 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.
- 3.13. On an annual basis, an Internal Audit 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.

#### **4.0 Sustainability Implications**

- 4.1. None noted

#### **5.0 Resource Implications**

##### *5.1. Financial Details*

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

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

##### *5.4. Staffing*

#### **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 )

- 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 2019/20 – Annually Recurring Assignments.
- **Appendix 2:** Internal Audit Plan 2019/20 – Committed Assignments – April 2019 to September 2019.
- **Appendix 3:** Internal Audit Plan 2019/20 – Indicative Assignments – October 2019 to March 2020.
- **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)

NAME	DESIGNATION	TEL NO / EXTENSION
Gordon O'Connor	Internal Audit Manager	07872 048 030

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	



## INTERNAL AUDIT PLAN 2019/20 – ANNUALLY RECURRING ASSIGNMENTS

No.	Service	Purpose and Scope of Assignment
A1	All Services	<p><b>Continuous Auditing</b> The purpose of continuous auditing work is to consider, review, and test transactional systems on an ongoing basis.</p> <p>For 2018/19 this focussed on the testing of payments to suppliers of goods and services to identify any duplicate amounts paid. Given the findings arising from that work, we will again direct continuous auditing resource towards the analysis of creditors payments.</p>
A2	All Services	<p><b>National Fraud Initiative</b> 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.</p> <p>The Internal Audit Manager is the 'key contacts' 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. When the outcomes arising from Audit Scotland's data matching are released back to the Council, it is the responsibility of the 'key contact' to co-ordinate and support Services in their investigation of those matches.</p>
A3	Place	<p><b>Climate Change Act Public Body Duties Audit</b> 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>
A4	All Services	<p><b>Follow Up of Internal Audit Recommendations</b> All recommendations made by Internal Audit are uploaded to the Pentana performance management system, with responsibility for implementing each recommendation allocated to the relevant manager.</p> <p>While Internal Audit will not follow up on the implementation of all recommendations, we have allocated time to the targeted follow up of a sample of these.</p>

No.	Service	Purpose and Scope of Assignment
A5	All Services	<p><b>Consultancy Work</b> 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>
A6	Clackmannanshire and Stirling Integration Joint Board	<p><b>Clackmannanshire and Stirling Integration Joint Board</b> NHS Forth Valley's Chief Internal Auditor will fulfil that role for the Integration Joint Board (IJB) for the three years from 01 April 2019. He will present an Internal Audit Plan for 2019/20 to the IJB Audit Committee in due course.</p> <p>Clackmannanshire Council's Internal Audit team will again provide resource to support the IJB Chief Internal Auditor in discharging his duties.</p>
A7	Central Scotland Valuation Joint Board	<p><b>Central Scotland Valuation Joint Board</b> To be determined and agreed with Board management.</p>

**INTERNAL AUDIT PLAN 2019/20 – COMMITTED ASSIGNMENTS – APRIL 2019 TO  
SEPTEMBER 2019**

No.	Service	Purpose and Scope of Assignment
A8	Place	<p><b>Procurement – Waste Services</b></p> <p>As part of our 2017/18 Internal Audit Plan we reviewed Procurement Governance Arrangements and contract management and monitoring in relation to three specific contracts.</p> <p>Work on Procurement within Waste Services was included within the Indicative Assignments element of our 2018/19 Plan. Due to re-prioritisation this work has been carried forward into 2019/20.</p> <p>This review will build on previous Procurement Governance work, following up on recommendations arising from that. We will also review arrangements in relation to a sample of procurement exercises within Waste Services.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient financial resilience.</li> </ul>
A9	Partnerships and Performance / All Services	<p><b>Creditors Purchase to Pay Cycle (Purchase Order / Invoice Processing and Authorisation)</b></p> <p>This work will focus on transactional testing of a sample of Purchase Orders, and non-Purchase Order Invoices, for appropriate authorisation, in line with approval limits.</p> <p>The same sample will be checked against the Council's Contract Register to assess the extent of on / off contract purchasing.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient financial resilience.</li> </ul>
A10	All Services	<p><b>System Administration – Access Privileges to Key Corporate Systems</b></p> <p>Internal Audit, in conjunction with Service management, will identify all systems from which payments can be generated / processed. For each, we will review system administrator access, and other high risk access combinations, to ensure appropriate segregation of duties is maintained (within and between systems).</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• IT system failure; and</li> <li>• Insufficient financial resilience.</li> </ul>

No.	Service	Purpose and Scope of Assignment
A11	All Services	<p><b>Savings Tracking</b> Based on the suite of savings agreed by Council, we will review the overarching process for reporting on the achievement of those savings to Senior Leadership Team and elected Members.</p> <p>We will test a sample of savings from across all Services to assess arrangements for tracking, recording, and reporting on progress.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient pace and scale of organisational change.</li> </ul>
A12	All Services	<p><b>Business Continuity Planning</b> Work will focus on the process for co-ordinating and reporting on Business Continuity Planning at a corporate level (Policy and Corporate Business Continuity Plan).</p> <p>We will also review whether up to date Business Continuity Plans are in place across Services for all identified high risk activities, and associated arrangements for ensuring that these are properly tested.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Potentially applicable to all corporate risks, depending on scenario / circumstances.</li> </ul>

**INTERNAL AUDIT PLAN 2019/20 – INDICATIVE ASSIGNMENTS – OCTOBER 2019 TO  
MARCH 2020**

No.	Service	Purpose and Scope of Assignment
A13	All Services	<p><b>Building Security (Operational Buildings)</b> This will build on work undertaken during 2018/19.</p> <p>We will again review controls established to manage the risks to the security of operational Council buildings.</p> <p>We will visit a sample of buildings across all Council Services and test local security controls and arrangements.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Health and safety non-compliance;</li> <li>• Information not managed effectively; and</li> <li>• Harm to child(ren).</li> </ul>
A14	All Services	<p><b>Workforce Planning</b> We will review the approach adopted to develop a corporate Workforce Plan, and the extent to which this is implemented to ensure that workforce skills are appropriate, sustainable, financially viable, and compatible with the Council's Vision and Values.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Inadequate workforce planning.</li> </ul>
A15	People	<p><b>Social Work Information System – Project Planning, Management, and Implementation</b> This work will focus on project governance arrangements, including Project Initiation Documentation, project planning, budget and progress planning and monitoring, roles and responsibilities, and arrangements for reporting to Senior Leadership Team and to elected Members.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Information not managed effectively; and</li> <li>• IT system failure.</li> </ul>

No.	Service	Purpose and Scope of Assignment
A16	Place	<p><b>Housing Rents</b>            We will assess compliance with Housing Rent policies and regulations. In particular, this will involve review of arrangements for the calculation of rent due, rent collection (all methods of collection), service charges, and the adequacy of management information.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Council and community impact of Welfare Reform; and</li> <li>• Insufficient financial resilience.</li> </ul>



## DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
<b>Substantial Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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.



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**Report to: Audit Committee**

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**Date of Meeting: 25 April 2019**

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**Subject: Council Financial Performance 2018/19 – December Outturn**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

1.1 This paper provides an update on the financial performance for the Council, as at December 2018, in respect of the:

- General Fund (GF) revenue and capital spend and the achievement of savings to date, for the current financial year, 2018/19.
- Housing Revenue Account (HRA) revenue and capital spend, for the current financial year, 2018/19.

## **2.0 Recommendations**

The Committee is asked to note the report, commenting and challenging as appropriate:

- 2.1 General Fund revenue spend is forecasting an improved position with an underspend of £(1.044)m for the year to 31<sup>st</sup> March 2019.
- 2.2 The Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £1.156m.
- 2.3 The forecast Housing Revenue Account (HRA) revenue surplus for the year of £(0.584m) to March 2019.
- 2.4 The Capital programme in both HRA and GF are currently showing slippage and are expected to be underspent by the year end.
- 2.5 The improved likely achievement in delivering the £7.2m savings programme, currently 85.7%, to the end of December (83.5% *October*).

## **3.0 Background**

3.1 This report summarises the draft financial position of the Council for the financial year ended 31<sup>st</sup> March 2019. This report consolidates all of the detailed services financial data to provide a summary position. The report also provides details of individual Division positions.

## 4.0 General Fund Revenue

- 4.1 Overall the Council is forecasting an underspend of £(1.044)m (£0.135m as at October reported to this Committee in December) for the year ended 31<sup>st</sup> March 2019. The table below shows the breakdown by each division, by theme and the movement to the last reporting period. The significant effects of the spending restraint and improvement in savings achievement, can be seen in the improved position since the October outturn, with a favourable movement of £(1.179)m.

**Table 1 GF revenue forecast outturn to March 2019**

	December Over/ (underspend) £000s	October Over/ (underspend) £000s	Movement (favourable) / adverse
<b>People Division</b>			
Care & Protection	81	(122)	
Education & Learning	(703)	(368)	
Support & Wellbeing	4	(18)	
<b>People Total Underspend</b>	<b>(618)</b>	<b>(508)</b>	<b>(110)</b>
<b>Place Division</b>			
Environment	43	114	
Property & Facilities	(6)	387	
Development	(234)	(289)	
<b>Place Total Underspend</b>	<b>(197)</b>	<b>212</b>	<b>(409)</b>
<b>Performance Division</b>			
Resources	(692)	(244)	
Strategic Support	(5)	(5)	
Risk & Governance	(63)	(50)	
<b>Performance Total Underspend</b>	<b>(760)</b>	<b>(299)</b>	<b>(460)</b>
<b>Council (before Corporate &amp; Partnerships) Underspend</b>	<b>(1,574)</b>	<b>(595)</b>	<b>(979)</b>
Corporate savings held centrally	530	730	(200)
<b>Council Total Underspend</b>	<b>(1,044)</b>	<b>135</b>	<b>(1,179)</b>
<b>Partnerships</b>			
Health & Social Care Partnership	1,156	1,152	4
<b>Partnerships Total Overspend</b>	<b>1,156</b>	<b>1,152</b>	<b>4</b>

	December Over/ (underspend) £000s	October Over/ (underspend) £000s	Movement (favourable) / adverse
<b>Housing Revenue Account</b>			
HRA Revenue	(584)	(604)	20
<b>Housing Revenue Account Total Underspend</b>	<b>1,156</b>	<b>1,152</b>	<b>4</b>

4.2 When the December outturns were reported to Committee the 2018/19 pay award was uncertain, therefore we have forecast based on the approved budget. We had budgeted for a 3% increase for salaries up to £36,500, 2% increase for salaries between £35,501 and £80,000 and a flat rate increase of £1,600 for salaries above £80,000. A pay award offer of 3.5% for 2018/19 was accepted on 1<sup>st</sup> March in 2018/19.

The unbudgeted impact of this in 2018/19 equates to circa £0.330m and would reduce the projected underspend from £(1.044)m to £(0.714)m.

Teaching staff have not reached agreement for their pay award and continue to be forecast on budget as above. Scottish Government have indicated that they will fund any pay award for Teachers over and above what was budgeted for in our 2018/19 budget setting.

4.3 Partnerships & Performance has been separated into Performance (*under the Strategic Directors control*), Corporate centrally held and Partnerships (*under the control of the HS&CP Chief Officer*). This indicates that the Council is forecast to be underspent £(1.044)m for the year ended March 2019, and that the Partnership budgets will overspend by £1.156m by the end of the year.

4.4 Housing Revenue Account is underspent by £(0.584)m over and above their budgeted surplus.

4.5 Each Division receives its own finance report and the detailed variances are contained within that report and are available on the Council website.

## 5.0 Housing Revenue Account Capital

5.1 The current net HRA Capital Budget is £7.519m. This is inclusive of the additional carry-forward of £1.135m, from the approved February Budget, as the actual expenditure varied from that initially forecast. The carry forward is spread across various projects.

5.2 The HRA capital budget is currently forecasting an underspend of £(3.020)m against budget to March 2019. This includes a projected carry forward of £(2.132)m.

**Table 3 Movement between December and October:**

<b>HRA Capital Project</b>	<b>December Variance (£000)</b>	<b>October Variance (£000)</b>	<b>Comments</b>
Safe Electrical Testing	(719)	(569)	Late contract award in December, forecasted expenditure has been reduced accordingly.
Roof and render	(700)	0	Delay in procurement, new contractor now appointed for further 3 years (preparing Health & Safety information) on conclusion commencement of project. Probable underspend request for carry forward to be sought.
Window Replacement	(600)	0	Due to Contractor's lack of trade resources expected underspend of £600k. Carry forward requested as contractor has given assurances that catch up work will be met.
Central heating replacement	11	0	Programme in place and working well - slight overspend due to emergency works at Forestmill
Bathroom replacement	(51)	0	
New build – Tilli Community centre	(20)	0	Request to carry forward
Off the shelf Purchases	(97)	0	Refurbishments ended as contractor went into receivership - no more work carried out. Request to carry forward underspend for continuation of works in 2019/20.
HRA Roads & Footpaths	(103)	(103)	The internal service has been unable to resource this work and the service cannot procure this externally at present.
MCB Tenant community Improvement Fund	(100)	(100)	The Service does not have the capacity to resource or procure these projects at present.
IT- HBMS	(65)	0	Request to carry forward
Sale of Council Property	(20)	(20)	Unbudgeted income from the final council house sale and a small piece of land account.
Weir multi-con upgrade	(650)	(650)	Currently on site and carrying out assessments
Energy efficiency work	50	50	Work complete, awaiting final valuation
Adaptations	44	29	
<b>Total</b>	<b>(3,020)</b>	<b>(1,363)</b>	<b>(1,658) increased slippage</b>

## 6.0 General Fund Capital

- 6.1 General Fund capital is forecasting a £(5.649)m underspend to March 2019 (£(0.791)m October), this figure relates to project slippage £(6.070)m and overspends £0.421m
- 6.2 The Corporate budget has been updated to reflect the additional carryforward of £1.944m for Tullibody South Campus and an increase of £0.040m for Bowmar CSEP approved by Council in April 2018.
- 6.3 The forecast has moved by £(4.211)m, relating to Corporate of £(4.692)m and Roads Assets £(0.125)m, this is mainly due to project delays as a result of changes to the capital programme.
- 6.4 A summary of the projected outturn position for each of the Asset plans is shown in the table below. A detailed breakdown with commentary is provided in Appendix C.

**Table 4 GF Capital Budget Variances**

Asset Management Strategy Plan	Budget	Projected spend as at 31st December 2018	Over / (under) Spend	Movement October to December
	£m	£m	£m	£m
Corporate	18.595	13.472	(5.123)	(4.692)
Property	0.024	0.024	0	0
Roads	3.281	3.156	(0.125)	(0.125)
Land	0.048	0.048	0	0
Fleet	1.021	1.021	0	0
IT	0.854	0.454	(0.400)	0
<b>Gross Capital Expenditure</b>	<b>23.823</b>	<b>18.174</b>	<b>5.649</b>	<b>4.817</b>
Income	(10.678)	(10.072)	0.606	0.606
<b>Net Capital Programme</b>	<b>13.105</b>	<b>8.062</b>	<b>(5.043)</b>	<b>(4.211)</b>

- 6.5 Capital receipts expected to be received up to 31<sup>st</sup> March 2019 are £1.422m. The capital receipts balance at the 31<sup>st</sup> March 2018 was £3.058m.

## 7.0 2018/19 Savings Progress

- 7.1 The 2018/19 budget incorporated approved savings of £7.376m, this was reduced to £7.210m after the T&Cs saving was reversed at the December 2018 Council meeting. At the end of December the following had been achieved:

**Table 5 Forecast savings achievement:**

Status	£	% of Total savings
Achieved	3,126,624	43.4%
Likely	3,057,310	42.4%
Amber	427,250	5.9%
Red	599,361	8.3%
<b>Total Savings</b>	<b>7,210,545</b>	

7.2 The above indicates that 85.8% of savings have or are likely to be achieved, this is an improvement of 2.3% since October but there is a further 14.2% still at risk. Over the last 5 years the average saving achieved has been 77%. We are anticipating continuous improvement in the achieved savings, by the year end.

7.3 The table below shows the savings achieved by Division and the continuous improvement in the achievement position from October. Savings achieved have improved by 3.4% to 43.4%, whilst likely to be achieved has fallen by 0.9%. The percentage of red (unachieved) savings has fallen, mainly due to the £0.200m T&C saving being reversed by Council in December.

**Table 6 Savings by Division**

**At December**

	Achieved		Likely		Amber		Red		Total
<b>People</b>	1,208,028	36%	1,759,406	52%	324,000	10%	76,590	2%	3,368,024
<b>Place</b>	1,432,573	69%	153,652	7%	54,250	3%	437,301	21%	2,077,776
<b>Performance</b>	486,022	28%	1,144,252	65%	49,000	3%	85,470	5%	1,764,744
	<b><u>3,126,623</u></b>		<b><u>3,057,310</u></b>		<b><u>427,250</u></b>		<b><u>599,361</u></b>		<b><u>7,210,544</u></b>
	43.4%		42.4%		5.9%		8.3%		

**At October**

	Achieved		Likely		Amber		Red		Total
<b>People</b>	1,208,028	36%	1,733,530	52%	315,000	9%	76,590	2%	3,333,149
<b>Place</b>	1,253,123	60%	313,352	15%	74,250	4%	437,051	21%	2,077,777
<b>Performance</b>	486,022	25%	1,158,146	59%	49,000	2%	271,576	14%	1,964,744
	<b><u>2,947,173</u></b>		<b><u>3,205,028</u></b>		<b><u>438,250</u></b>		<b><u>785,217</u></b>		<b><u>7,375,670</u></b>
	40.0%		43.5%		5.9%		10.6%		



## 8.0 Financial Risks

### 8.1 Provisions

At the 31<sup>st</sup> March 2018 the Council set aside sums in respect of future liabilities for Equal Pay, Insurance, PPP, Ordinarily Resident, Damages Claim and Voluntary Severance. The table below provides a summary of the movements to date and expected year end balance.

**Table 7: Provisions**

Provision	Balance at 31st March 2018 (£000)	Notified Amounts paid in the year (£000)	Further Amounts expected to be utilised in the year (£000)	Anticipated Closing balance at 31st March 2019 (£000)
Equal Pay	10	1	0	9
Insurance	26	0	0	26
Legal Case – PPP	20	15	0	5
Legal Case – Ordinarily Resident	376	0	0	376
Damages Claim	122	122	0	0
Voluntary Severance	280	280	0	0
<b>Total</b>	<b>834</b>	<b>418</b>	<b>0</b>	<b>416</b>

### 8.2 Contingent Liabilities

The Council reported four Contingent Liabilities at 31<sup>st</sup> March 2018. These are areas where the Council may have a future obligation to make a payment however, the timescale and quantification is not known. The Council reported Contingent Liabilities in respect of: Equal Pay, Legal – Ordinarily Resident, a Health and Safety Case and Historic Sex Abuse.

As at 31<sup>st</sup> December these Contingent Liabilities are still in existence and no further information is available either to remove or quantify any potential liability.

## 9.0 Conclusions

- 9.1 General Fund revenue spend is forecasting an improved position with an underspend of £(1.044)m for the year to March 2019.
- 9.2 The Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £1.156m.
- 9.3 The forecast Housing Revenue Account (HRA) revenue surplus over budget for the year of £(0.584m) to March 2019.
- 9.4 The Capital programme in both HRA and GF are currently showing slippage and are expected to be underspent by the year end.

9.5 The improved likely achievement in delivering the £7.210m savings programme, currently 85.8%, at the end of December (83.5% October).

## 10.0 Sustainability Implications

10.1 None

## 11.0 Resource Implications

11.1 *Financial Details*

11.2 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

11.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes

11.4 *Staffing*

11.5 None

## 12.0 Exempt Reports

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

## 13.0 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)

## 14.0 Equalities Impact

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

**15.0 Legality**

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

**16.0 Appendices**

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

Appendix A – HRA Capital Outturn

Appendix B – HRA Service Summary

Appendix C – General Fund Capital Outturn

**17.0 Background Papers**

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

Yes  (please list the documents below) No

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Elizabeth Hutcheon	Team Leader Management Accountancy	6214

**Approved by**

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Strategic Director Partnership & Performance	



Housing Capital Programme 2018-19 Period to October 2018	Project Code	Additional c/fwd	Approved Capital Programme 18-19	Total Budget Including Carry Forward	Virements	18-19 Budget Expenditure	18-19 Budget Income	18-19 Net Budget	Gross Expenditure to 31/12/18	Income to 31/12/18	Net Expenditure to 31/10/18	Budget to 31/12/18	Forecast as at 31/03/19	Variance Actual v Outturn	Actual to Budget Variance	Forecast to Budget Variance	Comment	C/F to 2019-20
<b>SCOTTISH HOUSING QUALITY STANDARD</b>																		
<b>TACKLING SERIOUS DISREPAIR</b>																		
<b>PRIMARY BUILDING ELEMENTS</b>																		
<b>Structural Works</b>																		
Asbestos Testing for Council Houses 2013-17	10071		27,500	27,500		27,500		27,500	5,975		5,975	20,628	27,500	(21,525)	(14,653)	0	Reactive work - Tullibody Road assessments currently being undertaken	
Asbestos Removal Works for Council Houses 2013-17	10072		75,000	75,000		75,000		75,000	29,342		29,342	56,250	75,000	(45,658)	(26,908)	0	Reactive work here.	
		0	102,500	102,500	0	102,500	0	102,500	35,318	0	35,318	76,878	102,500	(67,182)	(41,560)	0		
<b>SECONDARY BUILDING ELEMENTS</b>																		
<b>Damp/Rot</b>																		
2013-17 Damp & Rot Works	10074	14,880	102,500	117,380		117,380		117,380	112,662		112,662	76,570	117,380	(4,718)	36,093	0	Project expected to be fully spent by year end. Possible overspend in expenditure but these costs can be met from HRA Revenue.	
Damp/Rot		14,880	102,500	117,380	0	117,380	0	117,380	112,662	0	112,662	76,570	117,380	(4,718)	36,093	0		
<b>Roofs / Rainwater / External Walls</b>																		
2014-17 Roof & Render Upgrading Works	10076	300,000	1,537,500	1,837,500		1,837,500		1,837,500	683,695		683,695	1,412,500	1,137,500	(453,805)	(728,805)	(700,000)	Delay in procurement , New contractor now appointed for further 3 years (preparing Health & Safety information) on conclusion commencement of project. Probable underspend - request for carryforward to be sought.	(500,000)
Roofs / Rainwater / External Walls		300,000	1,537,500	1,837,500	0	1,837,500	0	1,837,500	683,695	0	683,695	1,412,500	1,137,500	(453,805)	(728,805)	(700,000)		
<b>Doors</b>																		
External Door Replacement 2014-18	10077			0		0		0	0		0	0	0	0	0	0		
Window & Doors		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Windows</b>																		
Window Replacement 2014-18 Sidey	10078		1,394,000	1,394,000		1,394,000		1,394,000	600,285	(9,610)	590,674	1,045,503	794,000	(203,326)	(454,829)	(600,000)	Due to Contractor's lack of trade resources expected underspend of £600k Carryforward requested as contractor has given assurances that catch work will be met.	(600,000)
Window Replacement 2014-18 PCU	10139			0		0		0	0		0	0	0	0	0	0		
Windows		0	1,394,000	1,394,000	0	1,394,000	0	1,394,000	600,285	(9,610)	590,674	1,045,503	794,000	(203,326)	(454,829)	(600,000)		
<b>Secondary Building Elements</b>																		
		314,880	3,034,000	3,348,880	0	3,348,880	0	3,348,880	1,396,642	(9,610)	1,387,031	2,534,573	2,048,880	(661,849)	(1,147,541)	(1,300,000)		
<b>ENERGY EFFICIENCY</b>																		
<b>Full/Efficient Central Heating</b>																		
2013/16 Central Heating Replacement	10079			0		0		0	0		0		0	0	0	0		
Bowmar Community Energy Savings Programme (CESP)	10080			0		0		0	0		0		0	0	0	0		
2017/19 Central Heating Replacement	10157		102,500	102,500		102,500		102,500	119,105	(5,274)	113,831	102,500	113,831	0	11,331	11,331	Programme in place working well - slight overspend due to emergency works at Forestmill	
Energy Efficiency Works	10142	189,300		189,300		189,300		189,300	239,299		239,299	189,300	239,299	0	49,999	49,999	Programme finished August final overspending of £50k Weir Multicon currently on site - assessment being undertaken	
Weir Multicon Upgrade 2018-2020	10178			0		750,000		750,000	0		0	562,500	100,000	(100,000)	(562,500)	(650,000)		
Full/Efficient Central Heating		189,300	102,500	291,800	0	1,041,800	0	1,041,800	358,404	(5,274)	353,130	854,300	453,130	(100,000)	(501,170)	(588,670)		
		189,300	102,500	291,800	0	1,041,800	0	1,041,800	358,404	(5,274)	353,130	854,300	453,130	(100,000)	(501,170)	(588,670)		
<b>MODERN FACILITIES &amp; SERVICES</b>																		
<b>Kitchen Renewal</b>																		
Kitchen Replacement 2014-17	10082			0		0		0	0		0				0	0		
Kitchen Replacement 2017-20	10158		768,750	768,750		768,750		768,750	556,888	(1,133)	555,755	576,558	768,750	(212,995)	(20,803)	0	Programme working well with PCU	
Kitchen Renewal		0	768,750	768,750	0	768,750	0	768,750	556,888	(1,133)	555,755	576,558	768,750	(212,995)	(20,803)	0		
<b>Bathrooms</b>																		
2016-20 Bathroom Replacements PCU Team	10141		51,250	51,250		51,250		51,250	0		0	38,430	0	0	(38,430)	(51,250)	budget will be required to fund overspend from Bathroom Adaptations project. Murray to progress process	
Bathrooms		0	51,250	51,250	0	51,250	0	51,250	0	0	0	38,430	0	0	(38,430)	(51,250)		
		0	820,000	820,000	0	820,000	0	820,000	556,888	(1,133)	555,755	614,988	768,750	(212,995)	(59,233)	(51,250)		
<b>HEALTHY, SAFE &amp; SECURE</b>																		
<b>Safe Electrical Systems / CO Detectors</b>																		
Safe Electrical Rewire 2013-17	10087	0		0		0		0	0		0			0	0	0		
Safe Electrical Testing	10171		768,750	768,750		768,750		768,750	6,900		6,900	512,502	50,000	(43,100)	(505,602)	(718,750)	New Contract awarded December for next 4 years	(750,000)
Safe Electrical Systems		0	768,750	768,750	0	768,750	0	768,750	6,900	0	6,900	512,502	50,000	(43,100)	(505,602)	(718,750)		

Housing Capital Programme 2018-19 Period to October 2018	Project Code	Additional c/fwd	Approved Capital Programme 18-19	Total Budget Including Carry Forward	Virements	18-19 Budget Expenditure	18-19 Budget Income	18-19 Net Budget	Gross Expenditure to 31/12/18	Income to 31/12/18	Net Expenditure to 31/10/18	Budget to 31/12/18	Forecast as at 31/03/19	Variance Actual v Outturn	Actual to Budget Variance	Forecast to Budget Variance	Comment	C/F to 2019-20
<b>Communal Areas (Environmentals)</b>																		
2011-15 Rep/Up Door Entry Systems	10089	51,380		51,380		51,380		51,380	0	0	0	38,520	51,380	(51,380)	(38,520)		Still awaiting Private Owner Engagement legalities.	
External Works : Fencing, Gates, Paths	10090		128,250	128,250		128,250		128,250	53,453	0	53,453	96,183	128,250	(74,797)	(42,730)		Programme in place working well	
Door Entry Upgrade Term Contract 2016-20	10160		148,800	148,800		148,800		148,800	5,635	0	5,635	111,600	148,800	(143,165)	(105,965)		Programme in place working well	
<b>Communal Areas (Environmentals)</b>		<b>51,380</b>	<b>277,050</b>	<b>328,430</b>	<b>0</b>	<b>328,430</b>	<b>0</b>	<b>328,430</b>	<b>59,088</b>	<b>0</b>	<b>59,088</b>	<b>246,303</b>	<b>328,430</b>	<b>(269,342)</b>	<b>(187,215)</b>	<b>0</b>		
		<b>51,380</b>	<b>1,045,800</b>	<b>1,097,180</b>	<b>0</b>	<b>1,097,180</b>	<b>0</b>	<b>1,097,180</b>	<b>65,988</b>	<b>0</b>	<b>65,988</b>	<b>758,805</b>	<b>378,430</b>	<b>(312,442)</b>	<b>(692,817)</b>	<b>(718,750)</b>		
<b>NON-SHS ELEMENTS PARTICULAR NEEDS HOUSING (CITC)</b>																		
<b>Conversions &amp; Upgradings</b>																		
Conversions & Upgradings	10092		51,250	51,250		51,250		51,250	9,222	0	9,222	38,430	51,250	(42,028)	(29,208)		Reactive work - awaiting final costing for Tullibody Road	
<b>Conversions &amp; Upgradings</b>		<b>0</b>	<b>51,250</b>	<b>51,250</b>	<b>0</b>	<b>51,250</b>	<b>0</b>	<b>51,250</b>	<b>9,222</b>	<b>0</b>	<b>9,222</b>	<b>38,430</b>	<b>51,250</b>	<b>(42,028)</b>	<b>(29,208)</b>	<b>0</b>		
<b>Disabled Adaptations</b>																		
Aids & Adaptations 2017-20	10161		51,250	51,250		51,250		51,250	94,136	0	94,136	38,430	94,136	(0)	55,706	42,886	Project overspent. Overspend to be covered by allocation for Bathroom Adaptations. Murray taking forward	
<b>Disabled Adaptations</b>		<b>0</b>	<b>51,250</b>	<b>51,250</b>	<b>0</b>	<b>51,250</b>	<b>0</b>	<b>51,250</b>	<b>94,136</b>	<b>0</b>	<b>94,136</b>	<b>38,430</b>	<b>94,136</b>	<b>(0)</b>	<b>55,706</b>	<b>42,886</b>		
<b>Environmental Improvements</b>																		
HRA Roads & Footpaths Improvements	10099		102,500	102,500		102,500		102,500	0	0	0	0	0	0	0	(102,500)	Roads unable to resource work	
MCB Tenant Community Improvement Fund	10100	84,000	205,000	289,000		289,000		289,000	22,650	0	22,650	106,000	189,000	(166,350)	(83,350)	(100,000)	Resourcing and procurement of projects is proving difficult for Service. Investigation into costs being carried out by Lindsay Allison	(100,000)
<b>Environmental Improvements</b>		<b>84,000</b>	<b>307,500</b>	<b>391,500</b>	<b>0</b>	<b>391,500</b>	<b>0</b>	<b>391,500</b>	<b>22,650</b>	<b>0</b>	<b>22,650</b>	<b>106,000</b>	<b>189,000</b>	<b>(166,350)</b>	<b>(83,350)</b>	<b>(202,500)</b>		
		<b>84,000</b>	<b>410,000</b>	<b>494,000</b>	<b>0</b>	<b>494,000</b>	<b>0</b>	<b>494,000</b>	<b>126,008</b>	<b>0</b>	<b>126,008</b>	<b>182,860</b>	<b>334,386</b>	<b>(208,378)</b>	<b>(56,852)</b>	<b>(159,614)</b>		
<b>Council New Build Housing (Transforming Communities)</b>																		
Hallpark New Build	10103		0	0		0		0	0	0	0	0	0	0	0	0		
New Build - Fairfield School	10104		0	0		0		0	0	0	0	0	0	0	0	0		
New Build - Tilly Community Centre Phase 1a	10107		0	0		0		0	0	0	0	0	0	0	0	0		
New Build - Tilly Community Centre Phase 2	10109	20,000		20,000		20,000		20,000	0	0	0	20,000	0	0	(20,000)	(20,000)		(20,000)
Off The Shelf Purchase	10105	415,630	750,000	1,165,630		1,965,630	(800,000)	1,165,630	904,050	0	904,050	850,000	1,165,630	(261,580)	54,050	0	Support to Clacks SHIP with specific property types being targeted	
Off The Shelf Refurbishment	10106		98,700	98,700		98,700		98,700	1,052	0	1,052	74,025	1,052	0	(72,973)	(97,648)	Refurbishments ended contractor went into receivership - no more work carried out. Request to carryforward underspend till next year	(97,648)
<b>Council New Build Housing (Transforming Communities)</b>		<b>435,630</b>	<b>848,700</b>	<b>1,284,330</b>	<b>0</b>	<b>2,084,330</b>	<b>(800,000)</b>	<b>1,284,330</b>	<b>905,102</b>	<b>0</b>	<b>905,102</b>	<b>944,025</b>	<b>1,166,682</b>	<b>(261,580)</b>	<b>(38,923)</b>	<b>(117,648)</b>		
		<b>435,630</b>	<b>848,700</b>	<b>1,284,330</b>	<b>0</b>	<b>2,084,330</b>	<b>(800,000)</b>	<b>1,284,330</b>	<b>905,102</b>	<b>0</b>	<b>905,102</b>	<b>944,025</b>	<b>1,166,682</b>	<b>(261,580)</b>	<b>(38,923)</b>	<b>(117,648)</b>		
<b>Other Costs / HBMS</b>																		
Construction Design Management	10143		20,500	20,500		20,500		20,500	1,595	0	1,595	15,300	20,500	(18,905)	(13,705)	0	E-mail sent to Andy & Owen for update 21/01/19	
Computer Equipment - New (HBMS)	10111	60,000		60,000		60,000		60,000	(4,875)	0	(4,875)	30,000	(4,875)	0	(34,875)	(64,875)	Murray confirmed nothing expected to happen this financial year - request to carryforward	(64,875)
Lead Piping Replacement	10166		0	0		0		0	0	0	0	0	0	0	0	0		
<b>Other Costs / HBMS</b>		<b>60,000</b>	<b>20,500</b>	<b>80,500</b>	<b>0</b>	<b>80,500</b>	<b>0</b>	<b>80,500</b>	<b>(3,280)</b>	<b>0</b>	<b>(3,280)</b>	<b>45,300</b>	<b>15,625</b>	<b>(18,905)</b>	<b>(48,580)</b>	<b>(64,875)</b>		
		<b>60,000</b>	<b>20,500</b>	<b>80,500</b>	<b>0</b>	<b>80,500</b>	<b>0</b>	<b>80,500</b>	<b>(3,280)</b>	<b>0</b>	<b>(3,280)</b>	<b>45,300</b>	<b>15,625</b>	<b>(18,905)</b>	<b>(48,580)</b>	<b>(64,875)</b>		
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,135,190</b>	<b>6,384,000</b>	<b>7,519,190</b>	<b>0</b>	<b>9,069,190</b>	<b>(800,000)</b>	<b>8,269,190</b>	<b>3,441,070</b>	<b>(16,017)</b>	<b>3,425,053</b>	<b>6,011,729</b>	<b>5,268,383</b>	<b>(1,843,330)</b>	<b>(2,586,676)</b>	<b>(3,000,807)</b>		
<b>Sale of Council Property</b>																		
Sale of Council Houses	10112		0	0		0		0	389	(29,428)	(29,039)	0	(16,300)	(12,739)	(29,039)	(16,300)	Kent road	
Sale of Council Land	10148		0	0		0		0	20	(7,450)	(7,430)	0	(3,450)	(3,980)	(7,430)	(3,450)		
<b>Sale of Council Property</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>409</b>	<b>(36,878)</b>	<b>(36,469)</b>	<b>0</b>	<b>(19,750)</b>	<b>(16,719)</b>	<b>(36,469)</b>	<b>(19,750)</b>		
<b>NET EXPENDITURE</b>		<b>1,135,190</b>	<b>6,384,000</b>	<b>7,519,190</b>	<b>0</b>	<b>9,069,190</b>	<b>(800,000)</b>	<b>8,269,190</b>	<b>3,441,479</b>	<b>(52,895)</b>	<b>3,388,584</b>	<b>6,011,729</b>	<b>5,248,633</b>	<b>(1,860,049)</b>	<b>(2,623,145)</b>	<b>(3,020,557)</b>		<b>(2,132,523)</b>

## Service Summary - Housing Revenue Account

Appendix B

Description	Annual Budget for 2018/19	Budget to end of March	Actual to end of March	Annual forecast for 2018/19	Forecast v Budget	YTD Actual v Budget
<b>Employee Related Expenditure</b>						
Chief Officers Gross Salaries	55,417	41,562	20,479	20,479	(34,938)	(21,083)
Chief Officers Employers Superann	11,915	8,936	9,202	9,202	(2,712)	266
Chief Officers Employers NIC	9,034	6,776	3,672	3,672	(5,363)	(3,104)
Chief Officers Absence Pay	0	0	584	584	584	584
Single Status Gross Salaries	5,392,976	4,044,732	3,395,505	4,752,819	(640,157)	(649,228)
Single Status Employers Superann	1,118,389	838,792	722,373	1,008,586	(109,803)	(116,419)
Single Status Employers NIC	484,010	363,007	336,101	467,033	(16,977)	(26,907)
Single Status Overtime	157,220	117,915	167,653	209,732	52,512	49,738
Single Status Absence Pay	0	0	112,826	121,634	121,634	112,826
Trainee Allowances Gross Salaries	0	0	2,727	4,091	4,091	2,727
Long Service Awards	900	675	1,475	1,450	550	800
Childcare Vouchers Admin Costs	2,000	1,500	234	327	(1,673)	(1,266)
Employee Management Costs	0	0	3,806	4,586	4,586	3,806
Conference Expenses And Subsistence	2,000	1,500	0	0	(2,000)	(1,500)
Superannuation Lump Sums	0	0	(5,144)	37,500	37,500	(5,144)
Severance Payments	0	0	0	0	0	0
Recruitment Expenses	1,000	750	467	470	(530)	(283)
Staff Training	81,350	61,013	8,887	74,755	(6,595)	(52,126)
<b>Employee Related Expenditure Total</b>	<b>7,316,210</b>	<b>5,487,158</b>	<b>4,780,847</b>	<b>6,716,920</b>	<b>(599,291)</b>	<b>(706,311)</b>
<b>Premises Related Expenditure</b>						
Corporate Building Repairs	0	0	0	0	0	0
Annual Maintenance External Provider	240,000	180,000	74,638	120,200	(119,800)	(105,362)
Grounds Maintenance	30,250	22,687	15,814	21,750	(8,500)	(6,874)
Service Charge	0	0	186	186	186	186
Cleaning & Hygiene Materials	1,500	1,125	417	900	(600)	(708)
Gas	4,000	3,000	2,428	4,500	500	(572)
Electricity	16,250	12,187	13,149	17,482	1,232	962
Rents	0	0	17	0	0	17
Void Rent Loss	488,000	366,000	318,574	452,027	(35,973)	(47,426)
Rates	2,500	1,875	2,676	2,676	176	801
Council Tax	20,000	15,000	0	10,000	(10,000)	(15,000)
Property Insurance	203,000	152,250	171,335	171,335	(31,665)	19,085
Bad Debt Provision	500,000	375,000	0	500,000	(0)	(375,000)
Building Costs - Recharges Internal	82,000	61,500	0	100,000	18,000	(61,500)
Cleaning Services Internal recharge	0	0	0	0	(0)	0
Land Services - Internal Recharges	0	0	70	0	0	70
<b>Premises Related Expenditure Total</b>	<b>1,587,500</b>	<b>1,190,625</b>	<b>599,304</b>	<b>1,401,056</b>	<b>(186,444)</b>	<b>(591,320)</b>
<b>Transport Related Expenditure</b>						
Insurance Repairs	0	0	800	(0)	(0)	800
Vehicles - Materials	0	0	15	0	0	15
Short Term Vehicle Hire	2,500	1,875	1,459	4,500	2,000	(416)
Staff Travel Mileage Expenses	26,000	19,500	10,566	17,318	(8,682)	(8,934)
Vehicles - Maintenance Recharges	342,080	256,560	0	318,830	(23,250)	(256,560)
Vehicles - General Consumables	350	263	0	0	(350)	(263)
<b>Transport Related Expenditure Total</b>	<b>370,930</b>	<b>278,197</b>	<b>12,840</b>	<b>340,648</b>	<b>(30,282)</b>	<b>(265,357)</b>
<b>Supplies and Services</b>						
Purchase Of Equipment	21,370	16,028	13,434	22,500	1,130	(2,593)
Purchase Of Furniture	0	0	455	509	509	455
Storage & Removal Charges	0	0	1,238	2,000	2,000	1,238
Materials (issued from Stock)	719,200	539,400	511,526	680,000	(39,200)	(27,873)
Materials - Direct purchases from supp	342,350	256,762	357,144	472,062	129,712	100,382
General Consumables (small items)	41,000	30,750	24,685	35,500	(5,500)	(6,065)
Per Capita Technical	0	0	0	0	0	0
Equipment Maintenance	15,000	11,250	6,455	10,000	(5,000)	(4,795)
Equipment Rental/Leasing	15,500	11,625	10,276	20,000	4,500	(1,349)
Scaffold Hire	59,000	44,250	17,230	25,000	(34,000)	(27,020)
Medical Supplies	1,000	750	97	100	(900)	(653)
Catering Disposables	0	0	26	(0)	(0)	26
Hospitality	100	75	30	0	(100)	(45)
Uniforms & Clothing	13,780	10,335	1,300	1,600	(12,180)	(9,035)
Office Equipment - Purchases	1,150	862	2,704	2,990	1,840	1,841
Office Equipment Maint.	0	0	(167)	0	0	(167)
Printing & Photocopying	5,800	4,350	2,453	5,450	(350)	(1,897)
Stationery	2,000	1,500	6,781	9,535	7,535	5,281
Publications	500	375	213	175	(325)	(162)
Insurance	31,620	23,715	27,797	27,765	(3,855)	4,082
Professional Fees	34,250	25,688	7,731	23,945	(10,305)	(17,957)
Performing Rights	300	225	0	0	(300)	(225)
Postages	5,010	3,758	4,656	8,056	3,046	899
Legal Expenses	29,500	22,125	23,619	33,168	3,668	1,494
Subscriptions	5,000	3,750	3,211	5,492	492	(539)
Telephones	150	113	63	100	(50)	(49)
Mobile Telephones	33,780	25,335	15,832	32,248	(1,532)	(9,503)

Computer Hardware Purchase	3,400	2,550	445	449	(2,951)	(2,105)
Computer Software Maint.	96,450	72,338	75,631	75,633	(20,817)	3,294
<b>Supplies and Services Total</b>	<b>1,477,210</b>	<b>1,107,908</b>	<b>1,114,866</b>	<b>1,494,277</b>	<b>17,067</b>	<b>6,959</b>
<b>Third Party Payments</b>						
Other Council Accounts	532,200	399,150	243,704	496,310	(35,890)	(155,446)
Voluntary Organisations Payment	67,370	50,527	33,733	51,656	(15,714)	(16,794)
Payments To Contractors	65,750	49,312	18,710	21,562	(44,188)	(30,603)
Payment To Subcontractor	288,500	216,375	226,246	240,000	(48,500)	9,871
Housing Associations	0	0	0	0	0	0
Bank Charges	0	0	529	700	700	529
Payments to Individuals (services provi	10,000	7,500	0	0	(10,000)	(7,500)
Interest on Debit Balance	0	0	(264)	0	0	(264)
<b>Third Party Payments Total</b>	<b>963,819</b>	<b>722,865</b>	<b>522,657</b>	<b>810,228</b>	<b>(153,592)</b>	<b>(200,208)</b>
<b>Transfer Payments</b>						
Payments To Individuals (no service pr	0	0	16,500	16,500	16,500	16,500
<b>Transfer Payments Total</b>	<b>0</b>	<b>0</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>	<b>16,500</b>
<b>Support Services</b>						
Accountancy	1,204,000	903,000	0	1,204,000	0	(903,000)
IT	0	0	0	0	(0)	0
Human Resources	0	0	0	0	(0)	0
Legal	0	0	0	0	(0)	0
Corporate Services	0	0	0	0	0	0
<b>Support Services Total</b>	<b>1,204,000</b>	<b>903,000</b>	<b>0</b>	<b>1,204,000</b>	<b>(0)</b>	<b>(903,000)</b>
<b>Capital Financing Costs</b>						
Loans Fund Interest	1,164,000	873,000	0	1,359,000	195,000	(873,000)
Debt Management Expenses	30,000	22,500	0	25,000	(5,000)	(22,500)
Principal Repayments	1,562,000	1,171,500	0	1,487,000	(75,000)	(1,171,500)
<b>Capital Financing Costs Total</b>	<b>2,756,000</b>	<b>2,067,000</b>	<b>0</b>	<b>2,871,000</b>	<b>115,000</b>	<b>(2,067,000)</b>
<b>Total Gross Expenditure</b>	<b>15,675,670</b>	<b>11,756,752</b>	<b>7,047,015</b>	<b>14,854,628</b>	<b>(821,042)</b>	<b>(4,709,738)</b>
<b>Income</b>						
Charges for Services Standard VAT	(40,000)	(30,000)	(24,951)	(35,457)	4,543	5,049
Charges for Services Exempt VAT	0	0	(187)	(187)	(187)	(187)
Subscriptions	0	0	205	205	205	205
Other Income	(5,740)	(4,305)	136,344	(1,341)	4,399	140,649
Housing Rents	(19,143,000)	(14,357,250)	(14,115,538)	(19,078,360)	64,640	241,712
General Rents	(61,000)	(45,750)	(56,890)	(64,172)	(3,172)	(11,140)
Interest(Revenue Balance)	(11,640)	(8,730)	0	(11,640)	0	8,730
Other Council Accounts Income	0	0	(9,292)	(0)	(0)	(9,292)
Internal Trading Contract	(1,582,370)	(1,186,778)	(1,001,884)	(1,415,687)	166,683	184,894
<b>Income Total</b>	<b>(20,843,750)</b>	<b>(15,632,813)</b>	<b>(15,072,193)</b>	<b>(20,606,639)</b>	<b>237,111</b>	<b>560,620</b>
<b>Net Expenditure</b>	<b>(5,168,080)</b>	<b>(3,876,060)</b>	<b>(8,025,178)</b>	<b>(5,752,011)</b>	<b>(583,930)</b>	<b>(4,149,118)</b>



General Fund Capital Projects Outturn December 2018

APPENDIX C

Project ID	Mgmt Code	Project ID Description	Cluster Description	Amended Budget 18/19	Previous Outturn Oct 2018	Projected Out-turn as at 31st Dec 2018	Movement (Oct/Dec)	Projected (Under) / Over spend as at 31.03.19	Comments	(Under)/Over Spend	Carry Forward to 19/20
				£		£	£	£		£	£
<b>Community Investment Strategy</b>											
<b>All Clackmannanshire Areas</b>											
10041	A42	Schools ICT Replacement - All Primaries	All Clackmannanshire Areas	100,000	100,000	100,000					
10042	A43	Community Investment Grants	All Clackmannanshire Areas	100,000	100,000	100,000					
10156	A67	City Deals	All Clackmannanshire Areas	450,000	100,000	0	(100,000)	(450,000)	unable to capitalise project team cfwd 19/20		(450,000)
10174		Fitness Suite Replacement	All Clackmannanshire Areas	11,000	11,000	11,000			Equipment Identified fully spent		
		Corporate Buildings	Alloa Cluster	239,000	260,000	0	(260,000)	(239,000)	Overall £350k 18/19 earmarked for spend on corporate buildings to be moved to specific projects when required £90k to Spiers Centre (Project 10136) & £21k for Kilncraigs Boiler (Project 10177 revised figure) no other projects identified carried forward to 19/20		(239,000)
<b>Total All Clackmannanshire Areas</b>				<b>900,000</b>	<b>571,000</b>	<b>211,000</b>	<b>(360,000)</b>	<b>(689,000)</b>		<b>0</b>	<b>(689,000)</b>
<b>Alloa Cluster</b>											
10000	A1	Schools ICT Replacement - Alloa	Alloa Cluster	46,000	46,000	46,000					
10003	A4	CCTV Equipment	Alloa Cluster	37,355	37,355	37,355					
10006	A3	Park Primary School - School Development	Alloa Cluster	93,000	93,000	43,000	(50,000)	(50,000)	Design Works back programmed cfwd 19/20		(50,000)
10008		Heritage Improvement	Alloa Cluster	23,590	23,590	23,590					
10040	A5	St Mungos RC Primary School - School Development	Alloa Cluster	1,000	1,000	1,000					
10130		ABC Nursery - School Development	Alloa Cluster	45,589	45,589	12,589	(33,000)	(33,000)	awaiting revised costs after completion of structural survey works viability to be ascertained		(33,000)
10133	A46	Secondary School Support - School Development	Alloa Cluster	(12,905)	175	175		13,080	SPIE Alarm costs in 17/18 overspend as no approved budget	13,080	0
10136	A51	Speirs Centre	Alloa Cluster	90,000	90,000	90,000			part of the £350k ear marked for capital spend on corporate buildings		
10177		Kilncraigs Boiler Replacement	Alloa Cluster	21,000	0	21,161	21,161	161	part of the £350k ear marked for capital spend on corporate buildings	161	
10137	A53	Alloa Town Hall	Alloa Cluster	8,520	8,520	8,520					
10150	A54	Bowmar Area Enhancements	Alloa Cluster	3,872	3,872	3,872					
		Bowmar CSEP	Alloa Cluster	40,000	0	40,000	40,000		Additional £40k funding agreed at council meeting on the 12th April 2018		
10169		Kelliebank Depot Improvements	Alloa Cluster	120,000	120,000	120,000					
<b>Total Alloa Cluster</b>				<b>517,021</b>	<b>469,101</b>	<b>447,262</b>	<b>(21,839)</b>	<b>(69,759)</b>		<b>13,241</b>	<b>(83,000)</b>
<b>Hillfoots Cluster</b>											
10027	A29	Allotment Extension	Hillfoots Cluster	10,000	10,000	10,000			Land services works scheduled Q4 18/19		
10031	A32	Schools ICT Replacement - Alva Academy	Hillfoots Cluster	47,000	47,000	47,000					
10032	A33	Alva Community Campus/Locality Hub/Primary School	Hillfoots Cluster	573,000	671,000	671,000		98,000	Locality Hub requests from Library services £45,000 additional works £98k underspend from Clackmannan (from project 10024) to offset overspend, addn £80k ELC funding	98,000	
10034	A28	Hillfoots Glen - Upgrading - Alva	Hillfoots Cluster	16,000	16,000	16,000			Ground Maintenance Team to complete the installation after procurement of the bridge anticipated spend 18/19 weather permitting		
10036		Park, Play Area & Open Space Improvements - Hillfoots	Hillfoots Cluster	50,000	50,000	50,000			Land services to complete the works full spend anticipated in 18/19 weather permitting		
10038	A39	New Cemetery	Hillfoots Cluster	192,124	192,124	192,124					
10039	A40	Village and Small Town - Dollar	Hillfoots Cluster	122,307	122,307	100,000	(22,307)	(22,307)	Delay to changing facilities as lease not finalised, works anticipated to commence July 2019		(22,307)
10118	A65	Coalsnaughton Primary School - School Development	Hillfoots Cluster	5,000	16,114	16,114		11,114	£5k ELC funding 18/19 SPIE Fire & intruder Alarm no budget	11,114	
10119	A47	Strathdevon Primary School - School Development	Hillfoots Cluster	(13,603)	19,598	19,598		33,201	£20k SPIE Costs in 18/19 £14k overspend cfwd 17/18 spend greater than budget	33,201	
10121	A38	Menstrie Primary School - School Development	Hillfoots Cluster	1,000,000	1,000,000	600,000	(400,000)	(400,000)	£1m ELC funding - delay to expected contract commencement date		(400,000)
10124		Tillicoultry Primary	Hillfoots Cluster	3,000	3,021	3,021		21	DDA works budget vired from 10045	21	0
10140		Village and Small Town - Alva	Hillfoots Cluster	550,000	100,000	25,000	(75,000)	(525,000)	engagement with the community, works not started cfwd to 19/20		(525,000)
10129		Muckhart Primary School - School Development	Hillfoots Cluster	13,000	54,000	54,000		41,000	boilers last year not budgeted, water pipe replacement not budgeted costs of floor increased.	41,000	
<b>Total Hillfoots Cluster</b>				<b>2,567,828</b>	<b>2,301,164</b>	<b>1,803,857</b>	<b>(497,307)</b>	<b>(763,971)</b>		<b>183,336</b>	<b>(947,307)</b>
<b>Lornshill Cluster</b>											
10011	A12	Schools ICT Replacement - Lornshill	Lornshill Cluster	47,000	47,000	47,000					
10012	A13	Sauchie Hall Locality Hub	Lornshill Cluster	56,737	56,767	0	(56,767)	(56,737)	Delay in completion of agreed works and scheduling		(56,737)
10014	A15	Craigbank Primary School Refurbishment	Lornshill Cluster	664,859	664,859	614,859	(50,000)	(50,000)	Interdependent phases minor delays		(50,000)
10017	A18	School Estate - Tullibody South Campus	Lornshill Cluster	10,936,673	8,992,673	8,592,673	(2,344,000)	(2,344,000)	amendment to cfwd value in 17/18 delay in contract start date, school opens to pupils August 2019		(2,344,000)
10018		Village and Small Town - Tullibody	Lornshill Cluster	0	250,000	250,000		250,000	17/18 settlement figure proposed due to contract variations and higher costs than anticipated	250,000	
10019	A20	Network Infrastructure Improvement	Lornshill Cluster	254,200	254,200	254,200					

10024	A25	Clackmannan Primary School Refurbishment/Locality Hub	Lornhill Cluster	1,398,178	1,299,988	849,988	(450,000)	(548,190)	£98k to Alva (to project 10032) to offset additional costs, interdependent phases delay in initial contract award, £200k ELC contract award delayed	(98,190)	(450,000)	
10043	A44	Lochies Primary School - School Development	Lornhill Cluster	4,000	4,104	4,104		104	DDA works budget vired from 10045	104		
10120	A62	Fishcross Primary School - School Development	Lornhill Cluster	0	9,470	9,470		9,470	18/19 SPIE costs no budget for Fire and Intruder Alarm	9,470		
10122	A14	Deerpark Primary School - School Development	Lornhill Cluster	38,934	38,934	8,934	(30,000)	(30,000)	Design Works back programmed cfwd 19/20		(30,000)	
10125	A61	Banchory Primary School - School Development	Lornhill Cluster	41,000	62,000	62,000		21,000	£23k Heating, £12k asbestos removal £6k electrical works due 19/20	21,000		
10127	A17	St Serfs Primary School - School Development	Lornhill Cluster	32,480	32,480	0	(32,480)	(32,480)	£21k alarm systems in 17/18 not budgeted		(32,480)	
10132	A63	Sauchie Nursery - School Development	Lornhill Cluster	41,000	70,000	70,000		29,000	works require the school to be unoccupied, anticipated to be completed during the Easter break		(32,480)	
10149	A57	Environmental Monies Regeneration	Lornhill Cluster	963,138	963,138	113,138	(850,000)	(850,000)	Additional cost for the dining hall	29,000		
10164		Clackmannan Hub Café	Lornhill Cluster	93,000	93,000	93,000			acquisitions complete, clearing sites ongoing, build contract award thereafter		(850,000)	
10163	A59	Fishcross Pelican Crossing	Lornhill Cluster	39,225	40,357	40,357		1,132	complete	1,132		
		<b>Total Lornhill Cluster</b>		<b>14,610,424</b>	<b>12,878,970</b>	<b>11,009,723</b>	<b>(3,813,247)</b>	<b>(3,600,701)</b>		<b>212,516</b>	<b>(3,813,217)</b>	
		<b>Total Corporate Asset Management Strategy</b>		<b>18,595,273</b>	<b>16,220,235</b>	<b>13,471,842</b>	<b>(4,692,393)</b>	<b>(5,123,431)</b>		<b>0</b>	<b>409,093</b>	<b>(5,532,524)</b>
<b>Fleet Asset Management Strategy</b>												
10062	E1	Vehicle Replacement	Fleet Asset Mgmt Strategy	1,020,503	1,020,503	1,020,503						
		<b>Total Fleet Asset Management Strategy</b>		<b>1,020,503</b>	<b>1,020,503</b>	<b>1,020,503</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
		<b>Total Fleet Asset Management Strategy</b>		<b>1,020,503</b>	<b>1,020,503</b>	<b>1,020,503</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>IT Asset Management Strategy</b>												
10064	F1	IT Infrastructure	IT Asset Mgmt Strategy	160,000	160,000	160,000						
10065	F2	Telecare	IT Asset Mgmt Strategy	75,000	75,000	75,000						
10066	F3	Social Services Integrated System	IT Asset Mgmt Strategy	400,000	0	0		(400,000)	Proposal for partnership working across Forth Valley anticipated procurement rephased to 19/20 to maximise benefits		(400,000)	
10067	F4	Digital Transformation	IT Asset Mgmt Strategy	100,000	100,000	100,000						
10155		Technology Enabled Care	All Clackmannanshire Areas	118,544	118,544	118,544						
		<b>Total IT Asset Management Strategy</b>		<b>853,544</b>	<b>453,544</b>	<b>453,544</b>	<b>0</b>	<b>(400,000)</b>		<b>0</b>	<b>(400,000)</b>	
		<b>Total IT Asset Management Strategy</b>		<b>853,544</b>	<b>453,544</b>	<b>453,544</b>	<b>0</b>	<b>(400,000)</b>		<b>0</b>	<b>(400,000)</b>	
<b>Land Asset Management Strategy</b>												
10061	D1	SWF/Wheeled Bins	Land Asset Mgmt Strategy	30,000	30,000	30,000						
10173		Blue Bin Replacement	Land Asset Mgmt Strategy	18,000	18,000	18,000						
		<b>Total Land Asset Management Strategy</b>		<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
		<b>Total Land Asset Management Strategy</b>		<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Property Asset Management Strategy</b>												
10045	B1	Statutory Compliance DDA Schools	Property Asset Mgmt Strategy	9,000	9,000	9,000			£3k vired to 10124 & £4k vired to 10043			
10046	B2	Compliance - Asbestos Removal (Schools)	Property Asset Mgmt Strategy	15,000	15,000	15,000			£5k vired to 10006 Park Primary			
		<b>Total Property Asset Management Strategy</b>		<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
		<b>Total Property Asset Management Strategy</b>		<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Roads Asset Management Strategy</b>												
<b>All Clackmannanshire Areas</b>												
10049	C2	Flood Prevention	Road Asset Mgmt Strategy	57,510	57,510	35,000	(22,510)	(22,510)	supplier tender in progress it is not anticipated all works complete in 18/19		(22,510)	
10050	C3	Cycle Routes	Road Asset Mgmt Strategy	542,000	542,000	542,000						
10051	C4	Carriageways	Road Asset Mgmt Strategy	1,932,871	1,932,871	1,883,000	(49,871)	(49,871)	CWSS budget included in Carriageways in error	(49,871)		
10054	C7	Bridge Improvements	Road Asset Mgmt Strategy	76,285	76,285	31,285	(45,000)	(45,000)	delay is design phase, procurement anticipated Q1 19/20		(45,000)	
10055	C8	Road Safety/CWSS	Road Asset Mgmt Strategy	75,297	75,297	137,000	61,703	61,703	CWSS budget included in Carriageways in error - CWSS funding claimed annually in arrears	61,703		
10056	C9	Lighting Replacement	Road Asset Mgmt Strategy	280,665	280,665	280,665						
10172		Parking Management Scheme	Road Asset Mgmt Strategy	100,000	100,000	30,000	(70,000)	(70,000)	project delayed due to staffing issues, street survey due to commence asap		(70,000)	
		Electric Vehicle Charging Points	Road Asset Mgmt Strategy	216,745	216,745	216,745						
		<b>Total Road Asset Management Strategy</b>		<b>3,281,373</b>	<b>3,281,373</b>	<b>3,155,695</b>	<b>(125,678)</b>	<b>(125,678)</b>		<b>0</b>	<b>11,832</b>	<b>(137,510)</b>
		<b>Total Roads Asset Management Strategy</b>		<b>3,281,373</b>	<b>3,281,373</b>	<b>3,155,695</b>	<b>(125,678)</b>	<b>(125,678)</b>		<b>11,832</b>	<b>(137,510)</b>	<b>(137,510)</b>
		<b>Total Capital Programme</b>		<b>23,822,693</b>	<b>21,047,655</b>	<b>18,173,584</b>	<b>(4,818,071)</b>	<b>(5,649,109)</b>		<b>420,925</b>	<b>(6,070,034)</b>	<b>(6,070,034)</b>
<b>Income</b>												
1476	G1	Government Grant		(5,354,996)	(5,354,996)	(5,354,996)						
1476	G2	Specific Government Grant - CWSS		(140,000)	(140,000)	(140,000)						
1476	G3	Clackmannan Regeneration		(606,318)	(606,318)	0	606,318	606,318	Funding for Project 10050 £70k cfwd from 17/18		606,318	
1476	G4	Dollar Development (81012)		(300,000)	(300,000)	(300,000)			Funding for Project 10149 cfwd in line with spend			
1476	G5	Scottish Future Trust Grant - Schools		(1,873,574)	(1,873,574)	(1,873,574)						
1476	G6	Sustrans		(392,400)	(392,400)	(392,400)						
1476		Technology Enabled Care		(118,544)	(118,544)	(118,544)			Funding for Project 10050			
		Paths for all/CWSS		(75,297)	(75,297)	(75,297)			Funding for Project 10155 additional funding			
		Early Learning & Childcare Expansion Grant		(1,600,000)	(1,600,000)	(1,600,000)			Funding for Project 10055			
		Charge Place Scotland		(216,745)	(216,745)	(216,745)			fully planned			
		<b>Total Capital Programme Income</b>		<b>(10,677,874)</b>	<b>(10,677,874)</b>	<b>(10,071,556)</b>	<b>606,318</b>	<b>606,318</b>			<b>606,318</b>	<b>606,318</b>
		<b>Net Capital Programme</b>		<b>13,144,819</b>	<b>10,369,781</b>	<b>8,102,028</b>	<b>(4,211,753)</b>	<b>(5,042,791)</b>		<b>420,925</b>	<b>(5,463,716)</b>	<b>(5,463,716)</b>

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**Report to: Audit Committee**

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**Date of Meeting 25 April 2019**

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**Subject: Exceptions from the Application of Contract Standing Orders**

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**Report by Strategic Director (Partnership & Performance)**

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**1.0 Purpose**

- 1.1 It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit Committee. The purpose of this paper therefore is to provide detail on Exceptions to Contract Standing Orders submitted in the previous quarter.

**2.0 Recommendations**

- 2.1 The Committee is asked to note the report, commenting and challenging as appropriate

**3.0 Considerations**

- 3.1 Contract Standing Orders (CSO's) apply to all contracts entered into by Council officers. In some circumstances however, exceptions may be granted.
- 3.2 The appropriate senior manager must record their reasons in writing in the form of an exception report for a decision, which must be submitted to the Strategic Director, Partnership and Performance, for consideration.

The Strategic Director is required to consult with the Chief Finance Officer (S95) and Procurement Manager before taking any action that binds the Council. It is a requirement that any such exception shall be reported retrospectively in full to the next Audit Committee, including the reasons that fully justify the exception. A summary of CSO exemptions will also be provided as part of the Annual Procurement report to the Audit Committee later in the year.

3.3 Three Exceptions have been considered over in this period:

3.3.1 to permit the appointment of a Specialist Local Company Weir Pumps Flow Control, The Harland's, Alloa to Supply Maintenance and Planned Inspection's of the Council's Pump Stations over a 3 Years period to the value of **£163,500.00**. Ref: 2/6/1660

#### **Granted**

The consequences of a poor response and failure of the flood prevention pumps could cause significant costs and damage to the Council's asset portfolio as well as the private properties in the community.

The service standard contains a requirement of 30 minutes to attend a repair. The market testing carried out for companies that fit the requirements identified that most other suppliers are based in Glasgow, Edinburgh, and Aberdeen. Logistically they would find it difficult to respond within the service standard. Weir, based in Alloa, can respond in the necessary timescale, which is essential in emergency situations.

Conditions of Grant:

Requisition to cover the three year period to be submitted for approval and a Purchase Order generated

A Direct Award Notice to be published in Public Contracts Scotland.

3.3.2 to permit the appointment of a provider to supply Leading Learning: Improving pedagogy and equality programme and research over a 24 month period. Ref: 2/6/1673.

#### **Not Granted**

The panel met and asked for further information in respect of the exception to permit the appointment of the provider. Based on the information provided to date, the exception has not been granted, primarily on the basis that the case was made in retrospect.

3.3.3 to permit the appointment of a provider to supply Early Learning and Childcare over a 7 month period. Ref: 2/6/1680.

#### **Not Granted**

Based on the information provided to date, the exception has not been granted, partly on the basis that the case was made in retrospect, and, that the arrangement was previously subject to an exception report, a condition of which was that a tendering process should be undertaken within 1 year.

### **4.0 Sustainability Implications**

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

## 5.0 Resource Implications

- 5.1 Financial Details - there are no direct implications for the Council's budget arising from this report
- 5.2 Staffing - there are no direct implications for the Council's establishment arising from this report

## 6.0 Exempt Reports

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

## 7.0 Declarations

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

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

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 & flourish

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

Contract Standing Orders

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".

None

## 11.0 Background Papers

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

No  (please list the documents below)

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Derek Barr	Procurement Manager	2017

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	

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**Report to Audit Committee**

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**Date of Meeting: 25 April 2019**

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**Subject: Building Security**

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**Report by: Strategic Director (Partnership & Performance)**

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**1.0 Purpose**

- 1.1. On 7 February 2019, a paper entitled 'Internal Audit Progress Report 2018/19' was considered by the Audit Committee. Contained within that report was the outcome of an audit on building security that had found that 'No Assurance' could be provided in relation to the adequacy of the controls in place to ensure that the Council's buildings and their contents are secured.
- 1.2. Audit Committee asked for a further paper to be brought back to the next meeting to provide a further update on mitigating measures and progress made to date.

**2.0 Recommendations**

- 2.1. It is recommended that Committee:
  - 2.1.1. note, comment on and challenge the contents of this report; and
  - 2.1.2. agrees a further progress report to be brought back to the Audit Committee no later than 31 December 2019.

**3.0 Considerations**

- 3.1. The Council's agreed Internal Audit plan for 2018/19 included an audit of control measures around building security. As the report to Audit Committee of 7 February 2019 highlighted, our internal auditors undertook unannounced visits to a sample of 10 operational facilities, including schools, care homes, depots and office accommodation. Of these, the auditors were able to gain unauthorised entry to eight buildings, including those which contained vulnerable persons.
- 3.2. Whilst the auditor commented that visits provided insight to obvious security measures such as receptions, door entry systems, CCTV, fences, intruder alarms etc., it is clear that these measures, in isolation of improved security system deployment and greater staff awareness and vigilance, were not

sufficient. For example, entry was gained through unsecured doors, by-passing reception, and tailgating staff with valid passes.

- 3.3. The auditors made four recommendations, which have been agreed by the Senior Leadership Team. These are as set out in Table 1 below.

Audit Finding	Recommendation/Management Response	Responsible Officer
<p><b>Roles &amp; Responsibilities</b></p> <p>There is no officer with overall responsibility for developing, disseminating and enforcing building security standards. This has led to a disjointed approach throughout the Council's operational estate.</p>	<p>Overall responsibility for developing, disseminating and enforcing building security standards should be agreed.</p> <p>Agreed by SLG.</p>	<p>Strategic Director (Place) pending appointment of Senior Service Manager (Property)</p>
<p><b>Security Standards &amp; Guidance</b></p> <p>There is no corporate security guidance. Where there is security guidance, it tends to be on a per building basis.</p>	<p>Consideration should be given to the adequacy of current security guidance. This may include need for professional expertise to assist with the development of robust security standards.</p> <p>Agreed by SLG.</p>	<p>Strategic Director (Place) pending appointment of Senior Service Manager (Property)</p>
<p><b>Building Security Incident Policy</b></p> <p>There is no policy in place for setting out the definition of a security breach and the process for recording, investigating and reporting these breaches.</p>	<p>A formal and comprehensive Building Security incident Policy should be prepared. Once finalised, it should be disseminated to relevant staff, with training provided if required.</p> <p>Agreed by SLG.</p>	<p>Strategic Director (P&amp;P)</p>
<p><b>Building Security Training</b></p> <p>None of the staff spoken to during the visits had received any training on their roles and responsibilities in relation to building security.</p>	<p>Corporate training requirements in relation to building security should be reviewed.</p> <p>Agreed by SLG.</p>	<p>Strategic Director (P&amp;P)</p>

*Table 1- Audit Recommendations, Review of Building Security Arrangements*

- 3.4. Since the Internal Audit report was issued, as well as taking forward the above actions, which are work in progress, management's response has also focused on staff awareness, vigilance and improving existing support systems. A workplace security briefing entitled, '*Security is everybody's responsibility*' has been reissued on the intranet and communicated to all staff via a management cascade briefing in early 2019. This outlined 8 key



messages for staff, including workplace security measures, visitor management, ID cards, proper use of entrances and exits, not propping doors open, and challenging unidentified personnel. Supervisors were required to provide an electronic return to a specially set up security e-mail address to confirm this was done. Briefings have also been provided to head teachers as duty holders for school premises, and work on duty holder roles and responsibilities continues through the Council's health and safety executive, chaired by the Chief Executive.

- 3.5. A special intranet page on CONNECT; entitled 'Safety & Your Security', is in place, providing supervisors and staff with a range of information and advice on building security as part of a wider awareness campaign, which has included features in the staff newsletter.
- 3.6. In addition to the above, a new procedure was introduced from the 1 April 2019 for the issue, replacement and cancellation of ID/access cards in order to improve the wider control environment.
- 3.7. Raising staff awareness and organisational vigilance is an ongoing process. It is intended that senior management will undertake security spot checks and advisory conversations with staff groups on an ongoing basis, and Internal Audit have already given Committee a commitment to follow up on the audit findings during the course of the coming year. Given this, it would seem appropriate to bring a further progress report to Committee later in the year.
- 3.8. At this stage, any costs associated with this report are expected to be contained within the existing budget approved by Council. Should additional expenditure be necessary, given organisational risks associated with building security, appropriate governance will be sought to ensure necessary compliance.

### **Conclusions**

- 3.9. As part of the 2018/19 Internal Audit programme, a review of building security arrangements highlighted a series of shortcoming in the Council's management system. A programme of action is already underway to improve performance, including those outlined at Table 1 above; however, it is recognised that raising and maintaining organisational awareness and vigilance is likely to be an ongoing management process.

### **4.0 Sustainability Implications**

- 4.1. There are no direct sustainability implications arising from the recommendations in this report.

### **5.0 Resource Implications**

#### *5.1. Financial Details*

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

Yes

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

5.4. *Staffing*

## 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 )

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  Not applicable in this instance.

## 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".

None

## 11.0 Background Papers

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

Yes  (please list the documents below) No

*Internal Audit Progress Report 2018/19 – Published on Council website and considered by Audit Committee, 7 February 2019.*

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