



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

Audit Committee

Thursday 20 June 2019 at 9.30 am

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



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.

Members of the public are welcome to attend our Council and Committee meetings to see how decisions are made.

Details of all of our Council and Committee dates and agenda items are published on our website at www.clacks.gov.uk

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12 June 2019

A MEETING of the AUDIT COMMITTEE will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 20 June 2019 at 9.30 am.



STUART CRICKMAR
Strategic Director (Partnership & Performance)

B U S I N E S S

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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 25 April 2019 (Copy herewith)	05
4. Internal Audit Annual Assurance Report 2018/19 - report by the Internal Audit Manager (Copy herewith)	09
5. Financial Regulations - report by the Chief Finance Officer/ S95 Officer (Copy herewith)	25
6. Corporate Risk and External Audit Actions – report by the Strategic Director, (Partnership and Performance (Copy herewith)	51
7. Health and Safety Annual Report – report by the Strategic Director, Partnership and Performance (Copy herewith)	75

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

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 25 APRIL 2019 at 9.30
am.**

PRESENT

Councillor Dave Clark (Vice Convenor)
Councillor Helen Lewis
Councillor Jane McTaggart (S)
Councillor Kenneth Earle (S)

IN ATTENDANCE

Stuart Crickmar, Strategic Director, Partnership and Performance
Fiona McOmish, Strategic Director, People
Lindsay Sim, Chief Finance Officer
Ashleigh MacGregor, Team Leader, Finance
Elizabeth Hutcheon, Management Accountancy Team Leader
Tom Reid, External Audit
Pamela Morrison, External Audit
Graham Templeton, Internal Audit Officer
Derek Barr, Procurement Manager
Lindsay Thomson, Senior Manager, Partnership and Performance (Clerk to the Committee)
Gillian White, Committee Services

AC(19)08 APOLOGIES

Apologies for absence were received from Councillor Bill Mason (Convenor), Councillor Darren Lee, Councillor Tina Murphy, Councillor Derek Stewart, Councillor Dixon and Councillor Ellen Forson. Councillor McTaggart acted as substitute for Councillor Forson and Councillor Earle acted as substitute for Councillor Stewart. In the absence of the Convenor, the Vice Convenor took the Chair.

AC(19)09 DECLARATIONS OF INTEREST

None.

AC(19)10 CONFIRM MINUTES OF MEETING HELD 7 FEBRUARY 2019

The minutes of the Meeting of the Audit Committee held on 7 February 2019 were submitted for approval.

The Clerk advised there had been some typographical errors within the minute: on Page 1, "In Attendance", the external auditor should have been named as Tom **Reid**, not Baird; on Page 6, AC(19)06, in the decision paragraph 2, the overspend for the year should be £1.152**m**; and on Page 7, AC(19)06, in the decision paragraph 5, the savings programme should be £7.3**m**.

Decision

Subject to the amendments, the minutes of the Meeting of the Audit Committee held on 7 February 2019 were agreed as a correct record and signed by the Vice Convenor.

AC(19)11 EXTERNAL AUDIT: MANAGEMENT REPORT 2018/19

The report, submitted by the Chief Finance Officer and Section 95 Officer, summarised 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.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Helen Lewis. Seconded by Councillor Kenneth Earle.

Decision

Having commented on and challenged the report, the Committee agreed to note the key issues identified in the report.

AC(19)12 INTERNAL AUDIT PLAN 2019/20

The report, submitted by the Internal Audit Manager, presented an Internal Audit Plan for 2019/20 for approval.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Helen Lewis. Seconded by Councillor Kenneth Earle.

Decision

The Committee agreed to:

1. Note the resources available to Internal Audit;
2. Approve the Internal Audit Plan for 2019/20; and
3. Not that progress will be reported to the Audit Committee on an ongoing basis.

Action

Internal Audit Manager

AC(19)13 COUNCIL FINANCIAL PERFORMANCE 2018/19 – DECEMBER OUTTURN

The 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 and capital spend 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 Helen Lewis. Seconded by Councillor Kenneth Earle.

Decision

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

1. General Fund (GF) revenue spend is forecasting an improved position with an underspend of £(1.044)m for the year to 31 March 2019;
2. The Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £1.156m;
3. The forecast Housing Revenue Account (HRA) revenue surplus for the year of £(0.584)m to March 2019;
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 £7.2m savings programme currently 85.7%, to the end of December (83.5% October).

AC(19)14 EXCEPTIONS FROM THE APPLICATION OF CONTRACT STANDING ORDERS

It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit Committee. The report, submitted by the Strategic Director (Partnership and Performance), provided detail on exceptions to Contract Standing Orders submitted in the previous quarter.

Motion

That Committee agrees the recommendation set out in the report.

Moved by Councillor Helen Lewis. Seconded by Councillor Dave Clark.

Decision

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

AC(19)15 BUILDING SECURITY

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. The report, submitted by the Strategic Director (Partnership and Performance) provided a further update on mitigating measures and progress made to date.

Motion

That the Committee agrees the recommendation set out in the report.

Moved by Councillor Kenneth Earle. Seconded by Councillor Helen Lewis.

Decision

Having commented on and challenged the contents of the report, the Committee agreed that a further progress report be brought back to the Audit Committee no later than 31 December 2019.

Action

Strategic Director (Partnership and Performance)

Ends 1026 hours

Report to: Audit Committee

Date of Meeting: 20 June 2019

Subject: Internal Audit Annual Assurance Report 2018/19

Report by: Internal Audit Manager

1.0 Purpose

- 1.1. This report provides an overall assurance on the Council's arrangements for risk management, governance, and control, based on Internal Audit work undertaken during 2018/19.

2.0 Recommendations

- 2.1. The Committee is asked to note:

- that sufficient Internal Audit work was undertaken to support a balanced assurance;
- that Internal Audit can provide **SUBSTANTIAL** assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2019; and
- that Internal Audit met, or exceeded, each of its Key Performance Indicators.

3.0 Background

- 3.1. It is senior managers' responsibility to establish and maintain effective and proportionate risk management, governance, and control arrangements. Internal Audit is not an extension of, or substitute for, operational management.
- 3.2. The 2017 Public Sector Internal Audit Standards (the Standards) require the Internal Audit Manager to prepare an Annual Assurance Report. This report should include:
- a statement on the overall adequacy of the Council's control environment;
 - a summary of Internal Audit work undertaken during the year; and
 - a statement on the Internal Audit Section's conformance with the Standards.

3.3. This report has been prepared to meet those requirements.

4.0 Overall Adequacy of the Council's Control Environment and Summary of Internal Audit Work Undertaken During 2018/19

4.1. Eighteen main assignments were completed by Internal Audit during 2018/19. Sufficient Internal Audit work was undertaken to support a balanced opinion on the overall adequacy of the Council's control environment.

4.2. Internal Audit use a set of Assurance Categories. A summary of these is set out at **Appendix 1**.

4.3. On the basis of work undertaken, Internal Audit can provide **SUBSTANTIAL** assurance in relation to the Council's arrangements for risk management, governance, and control for the year to 31 March 2019.

4.4. Internal Audit's Plan for 2018/19 was agreed by the (then) Audit and Finance Committee on 15 March 2018. It proposed 18 main assignments. One change was made to the Plan over the course of the year, the planned review of Procurement – Waste Services was deferred into 2019/20 to allow work to be undertaken within Fleet Services.

4.5. A summary of work completed over the course of the year is set out at **Appendix 2** with the scope of, and findings arising from, each assignment set out at **Appendix 3**.

4.6. Internal Audit measures performance against the following Key Performance Indicators.

Key Performance Indicator	2018/19	2017/18
Complete 85% of main audit programme	100%	100%
Have 90% of recommendations accepted	100%	100%
Issue 75% of draft reports within 3 weeks of completion of fieldwork	100%	100%
Complete (to issue of final report) 75% of main audits within budget	78%	82%

4.7. Actual performance met or exceeded target for all four indicators. Four assignments exceeded the initial, allocated, time budget. I am content, however, that this was appropriate and necessary to allow all relevant audit testing and fieldwork to be completed. In overall terms, the programme of planned work was completed within the agreed time allocation.

5.0 Compliance With Public Sector Internal Audit Standards

5.1. Internal Audit seeks to undertake all work in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). These standards have four objectives:

- to define the nature of Internal Auditing within the UK public sector;

- to set basic principles for carrying out Internal Audit in the UK public sector;
 - to establish a framework for providing Internal Audit services, which add value to the organisation, leading to improved organisational processes and operations; and
 - to establish the basis for the evaluation of Internal Audit performance and to drive improvement planning.
- 5.2. The Standards require the Internal Audit Manager to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self assessment and a five yearly external assessment.
- 5.3. Internal Audit services are provided on the basis of a Joint Working Agreement with Falkirk Council. The procedures, practices, and standards applied are consistent across the two Councils. During 2018/19, the Scottish Prison Service's Head of Audit and Assurance undertook an independent review of Falkirk Council Internal Audit section's compliance with Public Sector Internal Audit Standards, concluding that the Section is "broadly compliant with PSIAS". This was a positive outcome and, given that consistent standards are applied across the two Councils, reliance can be placed on this conclusion in relation to Clackmannanshire Council's Internal Audit service.
- 5.4. In addition, the Council's appointed External Auditors, Audit Scotland, undertook a review of Internal Audit during 2018/19. Audit Scotland concluded that Internal Audit has sound reporting arrangements in place and is complying with the main requirements of PSIAS.

6.0 Conclusions

- 6.1. Internal Audit undertook sufficient work during 2018/19 to support a balanced and evidence based opinion that Substantial Assurance could be placed on the Council's arrangements for risk management, governance, and control.

7.0 Sustainability Implications

- 7.1. None noted.

8.0 Resource Implications

8.1. Financial Details

- 8.2. 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 ☐
- 8.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☐

8.4. *Staffing*

9.0 Exempt Reports

9.1. 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 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 ☐ N/A

9.0 Legality

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

10.0 Appendices

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

- **Appendix 1:** Definition of Internal Audit Assurance Categories
- **Appendix 2:** Summary of 2018/19 Internal Audit Programme
- **Appendix 3:** Details of 2018/19 Internal Audit Programme

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 and Performance	

Definition of Internal Audit Assurance Categories

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

Summary of 2018/19 Internal Audit Programme

Planned Assignments (as per 2018/19 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
1.	All Services	Continuous Auditing	Duplicate Creditors payments of £55k identified during 2018/19
2.	All Services	National Fraud Initiative	Not Applicable
3.	Place	Climate Change Act Public Body Duties Audit	Substantial Assurance
4.	People	Cash / Income Collection: <ul style="list-style-type: none"> • Scottish Welfare Fund; • Central Imprest Fund; • Kilncraigs Main Reception. 	Not Applicable – Undertaken on Spot Check Basis
5.	All Services	Follow Up of Internal Audit Recommendations	Not Applicable
6.	All Services	Ad hoc / Consultancy Work	Not Applicable
7.	Clackmannanshire and Stirling IJB	Participation and Engagement / Carers' Act	To be reported to IJB Audit Committee
8.	Central Scotland Valuation Joint Board	<ul style="list-style-type: none"> • Business Continuity Planning; and • Freedom of Information Request Arrangements. 	Limited Assurance ¹ Substantial Assurance ¹
9.	People	Public Protection (Children) - Governance	Substantial Assurance
10.	All Services	Building Security (Operational Council Buildings)	No Assurance
11.	Partnership and Performance	PREVENT (Counter Terrorism) and Serious Organised Crime Readiness	Substantial Assurance
12.	Partnership and Performance	Supplier Set Up and Supplier Bank Account Changes	Limited Assurance
13.	Partnership and Performance	External Quality Assessment of Internal Audit Function	Reliance on Falkirk Council Internal Audit EQA Outcome – Broadly Compliant with Public Sector Internal Audit Standards
14.	Place	Health and Safety – Statutory Electrical Inspections	Substantial Assurance

¹ As reported to Central Scotland Valuation Joint Board on 01 February 2019.

Planned Assignments (as per 2018/19 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
15.	Partnership and Performance	GDPR Readiness	Substantial / Limited Assurance
16.	All Services	Sickness Absence	Substantial / Limited Assurance
17.	Place	LED Streetlighting Project – Benefits Realisation	Substantial Assurance

Additional Assignment			
	Service	Assignment	Level of Assurance
1.	Place	Fleet Services: <ul style="list-style-type: none"> • Vehicle Management and Usage Follow Up; • Invoice Approval and Payment Arrangements. 	Substantial Assurance Limited Assurance

Deferred Assignment		
	Service	Assignment
1.	Place / Partnership and Performance	Procurement – Waste Services

Details of 2018/19 Internal Audit Programme

Assignment	Service	Assurance
Continuous Auditing	All Services	N/A – Ongoing Assurance
Scope	Final Report Executive Summary	
<p>This involves analysing Creditors payment file data (payments to suppliers of goods and services) to identify any potential duplicate payments.</p> <p>We use audit interrogation software to identify any matches on invoice date, invoice amount, and invoice number. We then check our initial results on TechOne to identify any cancelled payments; payments made to different suppliers; and duplicate payments that have already been identified and either cancelled or monies recovered.</p>	<p>For the period April 2018 to March 2019 we identified 41 potential duplicate payments, with a value c£55k. Details of these have been passed to the Chief Finance Officer for appropriate recovery action.</p>	

Assignment	Service	Assurance
National Fraud Initiative	All Services	Not Applicable
Scope	Final Report Executive Summary	
<p>The purpose of the NFI exercise is to review and investigate the outcomes of data matching undertaken by Audit Scotland on behalf of the Cabinet Office. Matches cover areas such as Payroll, Housing and Council Tax Benefit, Council Tax Single Person Discount, and Creditors.</p> <p>The Internal Audit Manager acts as Key Contact for NFI, with responsibility for co-ordinating the process of ensuring that relevant matches are followed-up.</p>	<p>The 2016/17 NFI exercise is now closed.</p> <p>472 'Recommended' matches were released to Clackmannanshire Council for review and investigation (1,352 matches in total). Services investigated and closed 962 matches. No instances of fraud, and a total of 31 errors (with a total value of £37,690), were identified, with recovery underway.</p> <p>In addition to the core NFI exercise, Clackmannanshire Council participates in a related exercise designed to detect wrongly claimed Council Tax Single Person Discount. Since 01 April 2017, as a result of participation in this exercise (which matches Council Tax and Electoral Roll data), frauds or errors totalling c£11k were detected, with recovery action taken.</p> <p>The 2018/19 NFI exercise is now underway. The required data has been gathered from Services and uploaded via the secure on-line NFI application. The resultant data matches were made available on 31 January 2019, and work is underway to prioritise and investigate.</p>	

Assignment	Service	Assurance
Climate Change Act Public Body Duties	Place	Substantial Assurance
Scope	Final Report Executive Summary	
<p>The Climate Change (Scotland) Act 2009 introduced the requirement for public bodies to report on their climate change duties. An Annual Report must be submitted to the Sustainable Scotland Network by 30 November, covering:</p> <ul style="list-style-type: none"> • Organisational Profile; • Governance, Management, and Strategy; • Corporate Emissions, Targets, and Project Date; • Adaptation; • Procurement; and • Validation and Declaration. <p>We undertook validation work on the Council's 2017/18 Annual Report.</p>	<p>We were able to provide Substantial Assurance on the Council's reporting arrangements and the accuracy of the information in the Annual Report.</p> <p>We did, however, suggest that target dates should be set for updating the Sustainability and Climate Change Strategy, establishing a Carbon Management Group, revising the Carbon Management Plan, and developing a Climate Change Adaptation Strategy.</p>	

Assignment	Service	Assurance
Cash and Income Collection	People	N/A – Spot Check
Scope	Final Report Executive Summary	
<p>We undertook a spot check of the cash handling arrangements for:</p> <ul style="list-style-type: none"> • the Scottish Welfare Fund; • Central Imprest Fund; and • Kilncraigs Main Reception. 	<p><u>Scottish Welfare Fund</u> Cash held reconciled to the cash / award register and the safe's insurance limit was not breached. There was a need to ensure that:</p> <ul style="list-style-type: none"> • the written procedures cover all cash handling processes; • the current safe is replaced with a more secure safe; • the cash balances and transactions are subject to regular management scrutiny, and that a record of all management checks is retained. <p><u>Central Imprest Fund</u> Cash held reconciled to the claim log, replenishments of the Fund were being appropriately authorised, and the safe's insurance limit was not breached. There was, however, a need to ensure that:</p> <ul style="list-style-type: none"> • a record is retained of the officer issuing funds; • a safe log is introduced; • cash balances and transactions are subject to regular management scrutiny, and that a record of all management checks is retained. <p><u>Kilncraigs Main Reception</u> Cash floats and income collected at the time of the visit were complete and reconciled. The arrangements for the handover of income to the external security firm were also operating effectively. There was a need to ensure that:</p> <ul style="list-style-type: none"> • the written procedures cover all cash handling processes; • cash drawers are locked when not in use; and • the safe is locked during office hours and a register of contents introduced. 	

Assignment	Service	Assurance
Public Protection (Children) - Governance	People	Substantial Assurance
Scope	Final Report Executive Summary	
We reviewed the clarity of governance and accountability arrangements and the roles and responsibilities of the Child Protection Committee. This included risk, and performance monitoring.	<p>We were able to provide Substantial Assurance in relation to Child Protection Committee governance arrangements.</p> <p>All staff consulted during the review were clear about their roles and responsibilities. There are regular Child Protection Committee meetings and an Improvement Plan is in place. Governance arrangements could be enhanced through the review of Committee and Sub-Group Terms of References', and by taking formal minutes at all Sub-Group meetings.</p>	

Assignment	Service	Assurance
Building Security	All Services	No Assurance
Scope	Final Report Executive Summary	
The purpose of this review was to evaluate and report on the adequacy of the controls in place to ensure that Clackmannanshire Council's operational buildings, and their contents, are secure.	<p>We undertook unannounced visits to a sample of ten operational buildings. We reviewed the physical security measures in place at each building, together with local arrangements for monitoring, recording, reporting, and investigating security incidents. Our sample was selected to include varying types of occupancy (eg, staff, pupils, and elderly residents) and valuables (eg, assets, stock, and data).</p> <p>Whilst our unannounced visits provided us with insight into some of the more obvious physical security measures in place (eg, perimeter fences and secure door entry systems) and their effectiveness, there were elements where we relied on the operation of the controls that we were advised of at the time of our visit (eg, CCTV and Intruder Alarm arrangements).</p> <p>It should be highlighted that, after our visit to the first school, the janitor raised concerns about the visit and the nature of the questions asked. This resulted in the emergency response arrangements being invoked and, as a result, on the same day we were stopped at the third school we visited.</p> <p>We were, however, able to provide No Assurance on the adequacy of building security arrangements. We found there to be a number of significant weaknesses that require to be addressed, including:</p> <ul style="list-style-type: none"> unauthorised entry was gained to eight operational buildings, several of which contained vulnerable persons. Access was gained through a variety of means, including unlocked doors, bypassing reception controls, and tailgating; at a corporate level, no officer has overall responsibility for developing, disseminating, and enforcing building security standards; and clear and comprehensive guidance is not available corporately setting out key security controls and the process for recording, investigating, and reporting security incidents / breaches. <p>Since the audit the Senior Leadership Group has put in place an action plan to address identified weaknesses, and Internal Audit will undertake further checks during 2019/20.</p>	

Assignment	Service	Assurance
PREVENT (Counter Terrorism) and Serious Organised Crime Readiness	Partnership and Performance	Substantial Assurance
Scope	Final Report Executive Summary	
<p>The scope of this review was to evaluate and report on arrangements for implementing and embedding the duties and principles set out in:</p> <ul style="list-style-type: none"> • PREVENT Duty Guidance for Scotland; and • Scotland's Serious Organised Crime Strategy. <p>We reviewed:</p> <ul style="list-style-type: none"> • The clarity of governance and accountability arrangements and roles and responsibilities; • Progress with deployment of the corporate CONTEST / PREVENT and Serious Organised Crime delivery plans. 	<p>We were able to provide 'substantial assurance' in relation to the arrangements for CONTEST / PREVENT, and Serious Organised Crime readiness.</p> <p>In relation to CONTEST / PREVENT we found that roles and responsibilities had been formalised and were well understood. The Council has completed the national PREVENT self assessment, and an action plan is in place. There have been regular updates on progress provided to the Risk and Integrity Forum and the Senior Leadership Group.</p> <p>Similar arrangements were in place for Serious Organised Crime. A high level assessment has been undertaken and an action plan is in place. We found that there was scope to improve the action plan by ensuring that timescales for implementation were recorded. There was also scope to ensure that actions are being progressed quicker.</p> <p>Progress in both areas is reported to the Corporate Risk and Integrity Forum. There are specific risks on failure to prevent extremism and / or radicalisation; and failure to address Serious Organised Crime recorded on the corporate risk log.</p>	

Assignment	Service	Assurance
Supplier Set Up and Supplier Bank Account Changes	Partnership and Performance	Limited Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> • Controls over the input, checking, and authorisation of supplier set up, and changes to supplier details, including roles and responsibilities, the adequacy of segregation of duties, and associated guidance; and • Controls specifically relating to supplier bank account changes, to ensure these are genuine, appropriately authorised, and accurately processed. 	<p>We were able to provide 'limited assurance' in relation to the adequacy of the controls in place for supplier set up and bank account changes.</p> <p>We reviewed sixty transactions (twenty new suppliers, twenty supplier changes, and twenty supplier bank account changes) selected from all TechOne supplier changes between 1 April 2017 and 3 May 2018. We were content that the supplier records on the corporate finance system were being accurately updated.</p> <p>We did find some weaknesses in the controls over the processing, checking, and authorising of new supplier details and changes.</p> <p>In particular, there was no requirement for authorisation when creating new supplier details or amending bank account details.</p> <p>There were no post processing management checks to ensure that bank account changes or new suppliers' data are valid and have been processed accurately. We have recommended that management checks are introduced to reduce the risk of financial loss should supplier details be deliberately or inadvertently amended.</p> <p>Our analysis of the supplier database also highlighted a number of duplicate records, and we have provided details of these to the Chief Finance Officer for review and action as appropriate. In addition, we have suggested that the existing functionality within the corporate finance system should be fully utilised to ensure that supporting documentation, relating to new suppliers or changes, can be attached to the supplier record.</p> <p>Since the audit the Service has agreed to make a number of changes to the process of setting up new suppliers and amending existing details. This will mean that no new supplier will be added unless the necessary supporting documentation has been completed and authorised. All trade creditors will require approval by Procurement. New guidance has been issued to all users.</p>	

Assignment	Service	Assurance
External Quality Assessment (EQA) of Internal Audit Function	Partnership and Performance	Reliance on Falkirk Council EQA outcome – Broadly Compliant with Public Sector Internal Audit Standards
Scope	Final Report Executive Summary	
<p>Internal Audit seeks to operate in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). One of the requirements of PSIAS is that the Internal Audit Manager develops a Quality Assurance and Improvement Programme (QAIP) to enable evaluation of the section's conformance with PSIAS.</p> <p>The QAIP must include annual self assessments and five yearly independent external assessment.</p>	<p>Internal Audit services are provided on the basis of a Joint Working Agreement with Falkirk Council. The Internal Audit Manager undertook a self assessment of the Falkirk Council Internal Audit team's compliance against PSIAS in early 2018. This concluded that the section was broadly compliant with PSIAS. To fulfil the requirement for five yearly external assessment, the Scottish Prison Service's (SPS) Head of Audit and Assurance undertook an independent validation of this self assessment.</p> <p>The SPS report concluded:</p> <p>"Our review of the Falkirk Council (FC) Internal Audit (IA) PSIAS self-assessment concluded, in line with the self-assessment itself (undertaken by FC's Internal Audit Manager), that FCIA is broadly compliant with PSIAS.</p> <p>The quality of the FCIA self-assessment was sound, and was predicated on the Scottish Local Authorities Chief Internal Auditor Group (SLACIAG) checklist devised specifically for PSIAS compliance self-assessment. Sufficient evidence was collated and included on the self-assessment file to corroborate and validate questionnaire responses.</p> <p>Matters arising from the FCIA self-assessment have been incorporated by them in an action plan, the completion of which will result in FCIA being closer to full compliance with PSIAS. The nature of the actions relate more to continuously improving FCIA practice and approach than dealing with material non-compliance with PSIAS."</p> <p>The approach taken by the Internal Audit team at Clackmannanshire Council mirrors that at Falkirk Council. On that basis, reliance can be placed on the outcomes of the independent review undertaken by SPS.</p> <p>Nevertheless, arrangements will be made to ensure that a specific, independent, review is undertaken of the team responsible for delivering Internal Audit services to Clackmannanshire Council.</p>	

Assignment	Service	Assurance
Health and Safety – Statutory Electrical Inspections	Place	Substantial Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> Roles and responsibilities of those involved with statutory inspections, to ensure that inspection work is undertaken within appropriate timescales, that necessary corrective action is taken, and that appropriate monitoring and reporting arrangements are in place; Arrangements to ensure that all operational buildings are identified and that an appropriate inspection program is in place; and 	<p>We were able to provide 'substantial assurance' in relation to the adequacy of the arrangements for inspections of fixed wire installations within corporate public buildings.</p> <p>The nature of some of our findings would normally have resulted in limited assurance. For example, the contract management, inspection, and monitoring arrangements that were previously in place were inadequate. This means the Council is unable to demonstrate that all operational public buildings have been adequately inspected and remedial works completed to the necessary standard.</p> <p>On this occasion, however, our level of assurance has taken into account the fact that the main issues that have been ongoing for some time have now been recognised by management, with steps either planned, or in progress, to address them.</p> <p>It also reflects the work being undertaken by the Team Leader for Planned Works and Compliance, and the Project Team, to actively</p>	

<ul style="list-style-type: none"> The retention of evidence of inspection of fixed wire installations, and any remedial work. 	<p>implement measures to improve the overall internal control framework.</p> <p>Many of these initiatives, such as the new contract award, the setting up and creation of the Project Team, and the identification of the backlog of electrical repairs, are already in place.</p> <p>Other actions, such as the monitoring of key performance indicators, the review of contractor Electrical Installation Condition Report certification to ensure the ratings remain appropriate, the quality checking of electrical testing findings and remedial works, and regular performance meetings and reporting, will take time to fully realise intended benefits but will, over time, lead to improvement. For all of these, we were content that the Project Team were able to demonstrate progress and future plans.</p> <p>We recognise that recommendations made by Internal Audit have already been identified by the Team Leader for Planned Works and Compliance, and that work is in progress to rectify them. We have made these recommendations to ensure that the actions identified are fully implemented.</p> <p>We have also recommended that a corporate Electrical Safety Policy is developed jointly by the Health and Safety Team and the Project Team.</p>
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Assignment	Service	Assurance
GDPR Readiness	Partnership and Performance	Substantial / Limited Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> the clarity of accountability arrangements and roles and responsibilities; overall project planning and management arrangements. To include the reporting of progress with the GDPR action plan; and communications and awareness raising. To include the availability of Council wide guidance and training. 	<p>We were able to provide 'limited assurance' in relation to the clarity of accountability arrangements, roles and responsibilities, and project planning and management arrangements, and 'substantial assurance' in relation to communication and awareness raising.</p> <p>In relation to accountability arrangements and roles and responsibilities, a Data Protection Officer has been appointed. The Council's Acting Senior Governance Officer is responsible for day to day progress.</p> <p>From reviewing the minutes of meetings we reached the conclusion that the Council's Records Management and Information Governance Working Group has not been adequately overseeing the Council's preparation for GDPR. There was, for example, no regular formal report on progress provided to the Group in the lead up to 25 May 2018. In addition, there have been no formal progress reports from the Group to the Risk and Integrity Forum, Corporate Management Team, or Elected Members.</p> <p>We also found there was no record of the Group's Terms of Reference and performance being reviewed annually. There is a need to ensure that the Group's Terms of Reference is updated to specifically state its role in relation to Data Protection and Information Security.</p> <p>We were content that GDPR related procedures and guidance had been developed. The Data Protection Policy was updated in May 2018 to include GDPR requirements. The updated Policy had not, however, been agreed by the Records Management and Information Governance Working Group or by Elected Members.</p> <p>In relation to project planning and management arrangements, a GDPR project plan is in place. We have recommended this should be updated to include target implementation dates. Project plan progress should also start to be formally reported to each meeting of the Records Management and Information Governance Working Group.</p> <p>There have been a range of actions taken to raise awareness of GDPR within the Council. Guidance has been prepared, and e-learning training made available to staff. Elected members have still to receive training, although this is due to take place in September 2018.</p>	

	In relation to the e-learning training, this is mandatory for all staff. It is evident that the majority of staff have yet to complete it. We understand that, to address this, HR will provide the Data Protection Officer with a training completion report which will highlight those business areas where action is needed to improve uptake.
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Assignment	Service	Assurance
Sickness Absence	All Services	Substantial / Limited Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> a sample of current short and long term sickness absences to ensure these are being managed and monitored by Services in line with the Maximising Attendance Policy and Procedure. This included ensuring: <ul style="list-style-type: none"> the absence is accurately recorded on iTrent; that self certificate, Statement for Fitness for Work, and occupational health requirements / timescales are being followed; there is regular contact between the staff member and their line manager; and correct adjustments have been made to pay and annual leave entitlement. the availability of management information provided to Services, including the frequency of reporting and review of sickness absence levels, trigger points, and trends. 	<p>We provided 'substantial assurance' in relation to the adequacy of the Maximising Attendance Policy and the provision of management information to Directorates, and 'limited assurance' in relation to the recording of sickness absence details and supporting documentation by line managers on iTrent.</p> <p>At the corporate level we found that a robust internal control framework was in place. The Maximising Attendance Policy and Procedures were recently updated, are comprehensive, and set out roles and responsibilities. We made some suggestions of areas where the Policy and Procedures could be further enhanced.</p> <p>We were content with the range and frequency of information available to line managers and provided by HR to Directorates.</p> <p>In relation to the recording of sickness absence details and supporting documentation by line managers we found some significant weaknesses.</p> <p>Directorates are taking steps to improve Maximising Attendance arrangements, and we recognise that line managers continue to put a lot of work into managing absences as per the Policy.</p> <p>Our findings, however, show that iTrent, the Council's employee and management self service system, is not always being fully updated by line managers as specified in the Maximising Attendance Procedure. In particular, all necessary documentation is not always uploaded. In relation to long term absences, steps are not always being applied on a timely basis.</p> <p>We concluded that iTrent is being under utilised by line managers to fully record all the sickness absence steps, and to upload sickness absence documentation. In our opinion, there is scope for making better use of iTrent.</p> <p>We found only two instances within our sample that were fully compliant with the Policy and Procedures, with all appropriate steps recorded on iTrent and all supporting documentation available.</p> <p>While we found that, in most cases, the date of sickness absence, and the nature of illness, are being recorded by line managers on iTrent, our testing of a sample of absences identified a range of instances where the Policy had not been fully applied. These include:</p> <ul style="list-style-type: none"> issues with self certificate or fitness to work statements; no record on iTrent of return to work meetings; no record on iTrent of support and guidance meeting; and Occupational Health referrals not being undertaken on a timely basis. <p>In the areas where the Policy and Procedures are not being fully applied there may be a risk that sickness absence will not be effectively managed, potentially resulting in longer absences and greater costs. This will ultimately undermine the efforts being made across the Council to improve sickness absence rates.</p> <p>Since the audit a corporate action plan has been agreed by the Senior Leadership Group.</p>	

Assignment	Service	Assurance
LED Streetlighting Project – Benefits Realisation	Place	Substantial Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> • Roles and responsibilities of those involved in monitoring and confirming that the anticipated benefits / required outcomes have been realised; • Accountability for delivering and measuring benefits / outcomes; and • The adequacy of management information. 	<p>We were able to provide 'substantial assurance' in relation to the arrangements for benefits realisation of the Street Lighting Project.</p> <p>The Street Lighting Project budget was approved by the Council in 2015. The accelerated programme agreed by the Council in October 2016 was on the basis of increased revenue savings.</p> <p>The Street Lighting Team Leader is the lead officer of the Street Lighting Project. This includes managing the day to day arrangements for assessing stock condition, managing works, contract management, and monitoring costs and savings.</p> <p>We were content that the benefits / outcomes of the Street Lighting Project were well understood. These included reduced: annual electricity costs; maintenance costs; and carbon emissions.</p> <p>There were no arrangements in place for reporting Street Lighting Project progress or the results of the benefit / outcome measurement. We recommended that this is addressed, to enable the Council to demonstrate that the capital investment has delivered the anticipated significant revenue savings.</p> <p>We also recommended that the appropriate steps are taken to ensure that the benefits / outcomes of the Street Lighting Project are included in the Council's Climate Change Duties Annual Report.</p>	

Assignment	Service	Assurance
Fleet Services: Vehicle Management and Usage Follow Up and Invoice Approval and Payment Arrangements	Place	Substantial / Limited Assurance
Scope	Final Report Executive Summary	
<p>We followed up on the recommendations made in our 2017/18 review of Fleet Management and Usage.</p> <p>We also reviewed the systems in place within Fleet Services for ordering and paying for goods and services, and officers' compliance with Financial Regulations and Contract Standing Orders.</p>	<p>We found that the majority of recommendations had been implemented. These related to: staffing arrangements; Operator's Licence administration; the use of the Drivercheck system; Fleet Services' records; and the review of fleet size. Work is underway to address remaining recommendations, relating to: training; use of digital tachographs; and use of the SAVE system by staff.</p> <p>We were able to provide 'limited assurance' in relation to invoice approval and payment arrangements.</p> <p>We found that orders were raised and approved with appropriate financial authority and appropriate segregation of duties in place. We did, however, find instances of non compliance with Financial Regulations and Contract Standing Orders. These included:</p> <ul style="list-style-type: none"> • no evidence of required procurement activity; • no evidence of exemptions to the Financial Regulations and Contract Standing Orders requirements being formally agreed; and • a lack of evidence of checking orders to contract price schedules. <p>Since the audit, the Team Leader for Traffic and Transportation has met with the Procurement Manager to discuss the arrangements in place at Fleet Services and to agree measures to ensure compliance with Financial Regulations and Contract Standing Orders.</p>	

Report to: Audit Committee

Date of Meeting: 20th June 2019

Subject: Financial Regulations

Report by: Chief Finance Officer/S95 Officer

1.0 Purpose

- 1.1. To seek approval of the revised Financial Regulations.

2.0 Recommendations

- 2.1. It is recommended that committee agrees to adopt the revised Financial Regulations as set out at Appendix 1, subject to ratification by Council.

3.0 Considerations

- 3.1. The Council's Financial Regulations focus on the main principles underpinning sound financial governance and, where appropriate, signpost to other policies or governance documents.
- 3.2. These Regulations underwent a significant review in April 2018 where they were updated to reflect current processes and procedures. It was agreed that the Regulations would be reviewed on an annual basis thereafter and updated if required to ensure their continuing relevance. Due to their significant review last year, only minor changes have been made. These are set out in Section 4 below.
- 3.3. Financial Governance is a key priority for the Senior Leadership Group and it is planned to focus activities throughout the year through a number of forums including SMF, Team Meetings, and Finance meetings with budget Holders. These will be used to promote the principles of good financial governance and enhance the profile of Financial Regulations and Contract Standing Orders.

4.0 Changes to the Regulations

- 4.1. Section 5.7 of the Regulations has been updated to reflect the requirement for Council to authorise any changes to the approved capital programme. This was previously set at £100,000, however, as S95 Officer it is felt that as the programme is approved by Council within an agreed budget and borrowing

limit, any increases or additions varying this should also be approved by Council.

- 4.2. It should be noted that budgets can be re-profiled up to the value of £100,000, however, this is restricted to within approved asset plans only.
- 4.3. The section on Orders for goods and services has been removed and combined under Section 11 - Purchasing of Goods and services to reflect the electronic Purchase order process operated within the Financial System.
- 4.4. Section 12 - Payments for Goods and Services has been updated to clearly set out the process for goods receipting and checking of invoices in line with procedures and controls within the Council's Financial system.
- 4.5. Several sections have been combined due to their broad similarities, these being, Section 8 which combines Segregation of Duties and Internal Controls and Section 25 which combines Treasury Management and Prudential Code.
- 4.6. In consultation with Internal Audit, the appendix "Internal Audit Charter" has been removed.
- 4.7. Throughout the Regulations, references to the Depute S95 Officer have been replaced with S95 Officer and references to the Senior Legal Officer have been replaced with Monitoring Officer in line with the Scheme of Delegation and the revised Council Structure and post responsibilities.

5.0 Sustainability Implications

- 5.1. None

6.0 Resource Implications

6.1. Financial Details

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

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

6.4. Staffing

7.0 Exempt Reports

- 7.1. Is this report exempt? No ☒

8.0 Declarations

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

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

- | | |
|--|-------------------------------------|
| Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all | <input checked="" type="checkbox"/> |
| our families; children and young people will have the best possible start in life | <input type="checkbox"/> |
| Women and girls will be confident and aspirational, and achieve their full potential | <input type="checkbox"/> |
| Our communities will be resilient and empowered so that they can thrive and flourish | <input type="checkbox"/> |

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

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?
Yes ☐ No ☒ (Not applicable)

10.0 Legality

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

11.0 Appendices

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

Appendix 1 – Financial Regulations June 2019

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)
- No ☒ (please list the documents below)

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	

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Definitions

This section defines terminology used within the Financial Regulations.

The Council	Clackmannanshire Council
Section 95 Officer (S95 Officer)	As defined in the Council's current Scheme of Delegation
Chief Officer	A Senior officer responsible for the running in whole or in part a Service as defined in the Council's current Scheme of Delegation and employed in accordance with the Chief Officer terms and conditions
Emergency	An unplanned event that requires an immediate response to safeguard life, health or property.
Fleet manager	An officer so delegated who has the required professional qualifications and experience and holds the relevant accreditation with the Department of Transport
Guidelines / procedures	Any guideline, procedure, or similar document issued by the S95 Officer under the authority conferred by Financial Regulation 1.3.
Councillor	An Elected Member of the Council
Officer	An employee of the Council.
Monitoring Officer	As identified in the Council's current Scheme of Delegation
Council Policy	A formal policy approved by the Council or a sub-Committee, where powers have been delegated, which has to be followed by all parties referred to in the policy document.
Accountable Stationery	Any document that is of sufficient importance for audit and control purposes each document should be accounted for. This is done by having sequential numbers and controlling the issue and use of the documents.
Authorised Signatory	A person with authority delegated to them by a Chief Officer to authorise payments for goods and services. Depending on the circumstances, signature may be electronic or hard copy.
Relevant Committee	A committee identified in the Council's Standing Orders and Scheme of Delegation as the appropriate Committee to receive reports on financial performance related to Council overall or specific Services.
Official Order	Orders generated through the Council's Financial System (Technology One).

These Financial Regulations form part of the Standing Orders and Scheme of Delegation approved by the Council and must be read in conjunction with them.

SECTION A - INTRODUCTION**1. STATUS OF FINANCIAL REGULATIONS**

- 1.1. The Council's Financial Regulations aim to ensure the highest standards of probity in dealing with public money and to assist and protect staff in such dealings.
- 1.2. Within the Scheme of Delegation, for the purposes of Section 95 of the Local Government (Scotland) Act 1973, the "Proper Officer", under the general direction of the Council and the Chief Executive, for the administration of the Council's financial affairs will be identified.
- 1.3. In addition to these Regulations, the S95 Officer may issue financial guidelines and instructions. Official guidelines, procedures etc issued by the S95 Officer have the same status as the Financial Regulations. Subject to the approval of the S95 Officer, Chief Officers may also issue financial guidelines for activities within their Service.
- 1.4. Every Committee, Sub-Committee, Councillor and officer of the Council must adhere to these Financial Regulations. Chief Officers will ensure that all officers in their reporting lines are made aware of the Regulations and the requirement to comply with them.
- 1.5. Only the Council can agree exceptions to these Financial Regulations or contract standing orders, other than where the powers have been delegated under the exception procedure set out in contract standing orders.
- 1.6. Any officer discovering a possible breach of these Financial Regulations must report the matter immediately to their line manager or to the S95 Officer. Failure by any officer to comply with the Regulations, or in the case of staff with supervisory responsibilities, failure to ensure the compliance of others, could be treated as misconduct which might give rise to disciplinary procedures up to and including dismissal. Some breaches of Financial Regulations may be treated as offences giving rise to criminal proceedings. The Council's Policy on Prevention and Detection of Fraud is to be treated as part of the Regulations.
- 1.7. Financial transactions are aggregated for the purposes of these Financial Regulations. Therefore, financial limits cannot be avoided by deliberately splitting transactions into smaller components.
- 1.8. An officer can incur expenditure which is essential to meet any immediate need created by an emergency, subject to any such action being reported to the appropriate Chief Officer at the earliest opportunity. This could include the prevention of the destruction of Council property, as well as non-property related expenditure.
- 1.9. The powers of a Chief Officer may be delegated in accordance with the Council's Scheme of Delegation

SECTION B – FINANCIAL ADMINISTRATION AND BUDGETING

2. FINANCIAL ADMINISTRATION

- 2.1. Meetings of the Council regulate and control its finances so as to comply with these Regulations. Officers will keep Councillors informed as to the state of the Council's finances and will report on the accounts of each financial year as soon as practicable.
- 2.2. The S95 Officer will:
 - report to the Council on the level of financial resources proposed to be used in each financial year,
 - report to the relevant Committees as set out in the Council's Standing Orders and Scheme of Delegation, as well as meetings of the Council, regarding the Council's finances and financial performance.
- 2.3. Chief Officers must consult with the S95 Officer on the financial aspects of any report to Council or before any commitment is incurred which may significantly affect the finances of the Council. Chief Officers are responsible for ensuring that there are adequate internal controls in place for the conduct of all Council business in a correct and secure manner and in accordance with best practice. In respect of the Annual Accounts, the Chief Executive and Council Leader are required to sign an Annual Governance Statement, which will cover all arrangements for risk management, governance, and control.
- 2.4. It is the responsibility of Chief Officers to ensure that all staff within their Service are made aware of the existence of the Standing Orders, Scheme of Delegation, Contract Standing Orders and Financial Regulations. Staff should receive any training which may be required to perform their jobs according to the requirements of the Standing Orders, Contract Standing Orders, and Financial Regulations.
- 2.5. Chief Officers, in consultation with the S95 Officer, are also responsible for ensuring that necessary supporting procedures and guidance are in place to ensure that all staff have proper guidance regarding the systems they are using and procedures they are following. Where changes occur, procedures and guidance should be updated accordingly.
- 2.6. The Council manages its finances through the Technology One financial system. The S95 officer will ensure that sufficient resources are made available to ensure that the system is maintained and continuously developed in line with the Council's strategy and policies on data security and privacy. The S95 Officer has responsibility for ensuring that guidance notes and training are made available to ensure the efficient and effective use of the system and compliance with these Regulations.

3. BUDGETS

- 3.1. The S95 Officer will determine the format of the budget that is approved by the full Council. Chief Officers, in conjunction with the S95 Officer, will prepare detailed revenue and capital budgets for consideration by the Council in compliance with accounting guidance provided by the S95 Officer.
- 3.2. When drawing up draft budget requirements, Chief Officers will have regard to approved Council Policy requirements.

- 3.3. The draft revenue budgets will be submitted to the Council for approval no later than the date prescribed by statute, in order that Council Tax and Rent levels can be fixed.
- 3.4. The S95 Officer will prepare and submit reports to the Council on the resources available to fund aggregate spending plans over the medium term (3 years), and the implications for the level of Council Tax subject to that information being made available from the Scottish Government.
- 3.5. Chief Officers, in consultation with the S95 Officer, will integrate budget plans from service planning, so that budget plans can be supported by financial and non-financial performance measures. Budgets must include all financial aspects related to the delivery of Service plans, and consider the risks associated with delivery.
- 3.6. The inclusion of items in approved revenue or capital budgets will, assuming they comply with other requirements, such as Contract Standing Orders, constitute authority to the Committee or Chief Officer, as appropriate in terms of the Scheme of Delegation, to incur such expenditure.

4. BUDGETARY CONTROLS

- 4.1. The S95 Officer will establish an appropriate framework of budgetary management and control to ensure that:
 - budget management is exercised within annual budgeted limits;
 - Chief Officers are provided with up-to-date, real time information of income and expenditure in sufficient detail to enable managers to fulfil their budgetary responsibilities;
 - Significant forecast and actual over and underspends from approved budgets are investigated and reported by Chief Officers to the appropriate Committee.
- 4.2. Chief Officers will ensure that an accountable manager is identified to manage each element of the budget under their control.
- 4.3. The S95 Officer will submit regular performance statements of revenue and capital income and expenditure against budgets to the relevant Committee.
- 4.4. It is the Chief Officer's responsibility to report to S95 Officer significant overspends. The S95 Officer, after consultation with each Chief Officer, will arrange for a report to be submitted to the appropriate committee or to Council (for consent, if necessary) if it is forecast that the total revenue or capital income or expenditure for a Service is likely to vary significantly from the approved budget.

5. BUDGET TRANSFERS (VIREMENT) AND BUDGET CHANGES

- 5.1. Virement is intended to enable Chief Officers to manage budgets with a degree of flexibility within the overall approved revenue or capital budget.
- 5.2. Provided they do not relate to the funding of new Council services or changes in policy, budget virements, capital and revenue, must be approved as follows:
 - up to £50,000 by a Chief Officer in consultation with the S95 Officer;
 - greater than £50,000 but less than or equal to £100,000 by the Chief Executive,

- greater than £100,000 by the Council.

- 5.3. Virement that is likely to impact on the level of service activity of more than one Chief Officer should be implemented only after the approval of all the relevant officers.
- 5.4. Any budget virements must be made by 31 March of the financial year to which it relates.
- 5.5. Schools must adhere to the virement and budget carry forward rules contained within the Scheme of Devolved School Management and note that virements must also be made by 31 March not the end of the academic year.
- 5.6. Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement.
- 5.7. For capital budgets, the Council must approve any changes to the approved capital programme. This is not required for the re-profiling of capital expenditure within the approved asset plans up to £100,000.
- 5.8. New proposals not already in the capital plan must be approved by the Council. Any proposals that have revenue consequences must follow the limits on virement set out at 5.2 above.

6. ACCOUNTING

- 6.1. All accounts and accounting records of the Council will be compiled under the direction of the S95 Officer. The S95 Officer will exercise supervision over any financial records and financial systems maintained by individual Services, particularly with regard to ensuring uniformity.
- 6.2. The S95 Officer is responsible for the Council's financial statements which must be prepared in accordance with proper practices as set out in the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (the SORP) published by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).
- 6.3. The S95 Officer will draw up the timetable for final accounts preparation and will advise staff and external auditors accordingly. Chief Officers will comply with accounting guidance provided by the S95 Officer and will supply information when required.
- 6.4. The S95 Officer will prepare for audit and publish the draft financial statements by the statutory deadline of 30 June in each financial year. The draft accounts will be presented to the relevant Committee prior to 30 June each financial year.
- 6.5. The S95 Officer will present the audited financial statements to the relevant Committee for approval at the first available meeting following completion of the annual audit and before the statutory 30 September deadline.

SECTION C – CONTROL ARRANGEMENTS

7. FINANCIAL DOCUMENT RETENTION

- 7.1. Chief Officers should ensure that arrangements are in place for the proper management of financial documents and that these documents are retained in accordance with any specific statutory requirements, including the Data Protection Act, the Freedom of Information (Scotland) Act, and any approved Council and / or management policies and procedures particularly the Council's Records Management Plan which includes its retention schedule and destruction arrangements.
- 7.2. The S95 Officer will determine the retention periods for specific documents.
- 7.3. The recommended retention periods for records are detailed in the Council's document retention schedule.
- 7.4. Invoices paid through the accounts payable section will be scanned and held electronically within the financial system.
- 7.5. Disposal of records should be carried out under controlled conditions by two persons, and an appropriate record should be completed, dated and signed by both as evidence.
- 7.6. The Scheme of Delegation will identify the officer responsible for the custody of securities, property deeds, etc.

8. SEGREGATION OF DUTIES AND INTERNAL CONTROLS

- 8.1. It is the S95 Officers' responsibility to ensure there are appropriate Segregation of Duties and Internal controls in place for financial transactions. It is Chief Officers' responsibility to ensure these arrangements are complied with and to notify the S95 Officer of any deviation.
- 8.2. No Officer should have sole responsibility for all elements of a financial transaction, for example the requisition, order, receipt, and payment for a good or service.
- 8.3. Officers involved in calculating and / or recording any income due to the Council should not process the related income.
- 8.4. All cash collection and cash accounting records should be examined and checked by a second Officer, with periodic sample checks by line management as appropriate. All checks must be documented. Particular care must be taken to implement proper controls in all Council offices where Officers are required to collect and handle cash or valuables, in order to protect those individuals from suspicion or accusation.
- 8.5. Reference should be made to the Council's Guidance on Following the Public Pound covering all matters pertaining to funding given to external organisations. There should also be compliance with the COSLA / Accounts Commission Guidance.
- 8.6. Where any external organisation receives significant funding, as defined in the COSLA/ Accounts Commission Code of Practice on Following the Public Pound, it will be a condition of funding that Officers of the Council have such rights of access to the organisation's premises, records and staff as are necessary to form an opinion as to the adequacy of the organisation's internal control arrangements.

- 8.7. The S95 Officer may authorise funding transfers to external bodies of £30,000 per annum, providing that these transfers are made from approved budgets. Any transfer of funding above that limit requires a decision of Council.
- 8.8. A register of ALEOs (Arms-Length External Organisations) who receive funding from the Council will be maintained by the S95 Officer.

SECTION D – INCOME AND EXPENDITURE

9. INCOME

- 9.1. Chief Officers will at least annually, and in consultation with the S95 Officer, review all scales of charges or tariffs relating to their Service. Appropriate steps will be taken to publicise all fees and charges.
- 9.2. Chief Officers are responsible for identifying all sources of income within their Service, for calculating and issuing sales invoices for the income due to the Council and for monitoring to ensure all income is received. The S95 Officer may assist Services in the collection and monitoring of income.
- 9.3. All income received by an officer will immediately be acknowledged by the issue of an official receipt or other document approved by the S95 Officer. Exceptions to this rule may be permitted but only with the specific approval of the S95 Officer.
- 9.4. All receipts and other forms of stationery used to record income will be in a form approved by the S95 Officer. They should be treated as accountable stationery and will be ordered, controlled and issued under arrangements approved by the S95 Officer.
- 9.5. All money received by an officer on behalf of the Council must be paid in full and without delay into an official nominated bank account.
- 9.6. A clear, documented, audit trail must be maintained as evidence of proper income handling, administration, and banking.

10. DEBT MANAGEMENT

- 10.1. It is the responsibility of Chief Officers to ensure that the Council's Corporate Debt Policy is followed for the cancellation or write-off of all debts, and raising of credit notes.

11. PURCHASING OF GOODS AND SERVICES

- 11.1. Any officer who enters into an agreement for the supply of goods or services to the Council must ensure that the agreement complies with these Regulations and Contract Standing Orders and that they have the delegated authority to enter into such an agreement.
- 11.2. All strategies, policies, and operational procedures etc. issued by the Council's Procurement and Finance sections must be adhered to at all times.
- 11.3. Official orders must be issued for all goods or services to be supplied to the Council, except as provided for in 11.4 below. Those who have authority to make purchases must ensure that official purchase orders are raised.
- 11.4. Official orders are not required where purchasing cards are used. Procedures for the issue of cards, authorisation limits and checking of statements sanctioned by the S95 Officer must be followed at all times. The S95 Officer must also be satisfied with the control arrangements in place. All purchasing and business credit card users must obtain receipts, both as an internal control and also to enable VAT to be reclaimed.

- 11.5. Orders must be provided to the supplier in advance of any work, goods or services being provided to the Council. Where a verbal order is provided, an official order must be raised and the order number provided to the supplier as soon as possible. Verbal orders should only be used in genuine emergency situations.
- 11.6. All orders and internal requisitions to another Service must be approved by an authorised signatory. The S95 Officer will maintain lists of approved officers and limits.
- 11.7. The officer authorising an order must be satisfied that:
- there is sufficient budget provision (this must always take precedence);
 - the expenditure is legal and within the power of the Council;
 - best value has been achieved;
 - the timing of the order and the quantities ordered are appropriate;
 - the price, quantity, and details pertaining to delivery have been agreed;
 - the nature and quantity of goods or services to be supplied are clearly stated on the order;
 - correct ledger codes have been used;
 - the order is within their delegated authority limit;
 - the order does not contravene any other section of these Regulations or Contract Standing Orders;
 - all instructions, guidelines, advice, and best practice advised by the Council's Procurement and Finance sections have been complied with.

12. PAYMENT FOR GOODS AND SERVICES

- 12.1. All payments, except those from imprests (petty cash) and advances or by purchasing cards, will be by the automated transfer of funds (BACS) from the Council's main bank accounts. Payment by cheque will only be made under exceptional circumstances.
- 12.2. Any request for payment without an invoice must be supported by appropriate documentation signed by the authorised signatories who ordered the goods or services, and who approved the payment. In any instance where it is necessary to make a payment to account, a proper invoice for the full amount must subsequently be obtained.
- 12.3. All invoices will be matched to orders within the financial system. Items should be goods receipted promptly when they are received to enable invoices to be matched to the approved order and payment processed.
- 12.4. The officer receipting goods or services must be satisfied that they have been received, examined and approved and appropriate entries have been made in inventories or stock records, where relevant.
- 12.5. Where a payment for a good or service is a one-off, payment will be requested through completion of a Daily Payment Voucher (DPV). This must be signed by an officer with the appropriate delegated authority. It is the responsibility of Chief Officers to supply and update the S95 Officer with the names and specimen signatures of such authorised signatories.
- 12.6. When an invoice is received, officers must ensure that:

- the quantity is correct on the purchase order;
- the invoice price matches the purchase order price;
- the arithmetic is correct including discounts, credits and VAT;
- the invoice is in the name of Clackmannanshire Council;
- the invoice is a proper liability of the Council;
- the invoice complies with the requirements of HM Revenues and Customs, as regards VAT (e.g. must have VAT number, proper address, and all other relevant details);
- no additional charges have been added to the invoice if none were agreed at the time of the order, and
- any adjustments to the purchase order/goods receipt are made before passing to creditors.

12.7. Goods and services should not be paid for in advance. In exceptional circumstances, this may be undertaken where the advantages clearly outweigh the inherent risks of potential non-delivery of goods or services, or of the supplier company ceasing to trade. Officers may authorise prepayments in line with their delegated authority and must use judgement on what level of prepayment is appropriate given the circumstances of the case.

12.8. In all situations where discounts are available, care should be taken that the relevant time period is adhered to.

12.9. Once invoices are received by Creditors they will be matched and paid promptly. Payments to suppliers should be processed in line with Council's payment terms through the routine payment run.

12.10. In exceptional circumstances a payment may be made before the next scheduled payment run. All requests should clearly indicate the reasons for the early payment and be approved by an authorised officer. All requests will be reviewed by Finance as to whether the request merits early payment.

13. SALARIES, WAGES, PENSIONS AND EXPENSE CLAIMS

13.1. The payment of all salaries, wages, pensions and other payments to officers or former officers of the Council will be made by the Payroll section in line with Council policy.

13.2. Any documents, physical or electronic, which form the basis of a payment must be approved by an authorised signatory as required. Chief Officers will supply and update the S95 Officer with the names and specimen signatures of such authorised signatories.

13.3. Payments will wherever possible be claimed and authorised using the Council's HR management system.

13.4. The approving officer must be satisfied that:

- any payment conforms with approved terms and conditions for the employee concerned;
- forms and claims have been completed accurately and are correct;

- claims are not excessive or anomalous;
- in the case of expense claims, journeys were necessary and authorised, expenses were properly and necessarily incurred and allowances were properly due. In addition, all receipts must be kept, both as verification and to enable VAT to be reclaimed. If receipts are not attached to the claim, the officer authorising it must obtain an acceptable explanation, and that must be submitted with the claim, prior to being approved by such officer;
- in the case of any claims made in regard to additional payments for hours worked which attract a premium payment, the Officer was authorised in advance to work the additional hours and they were actually worked.

13.5. Chief Officers will notify Human Resources and the S95 Officer as soon as possible of all matters affecting the payment of officers.

13.6. Appointments of all officers and changes to grades will be made in accordance with approved Council policies and accompanying procedures.

13.7. The re-imbursement of travel and subsistence expenses must be in accordance with the Council's Policy, and any accompanying procedure and guidance. Claims may only be made in respect of expenditure that was actually incurred.

13.8. Claims should be submitted on a monthly basis with receipts attached. Claims submitted more than three months after the event will only be paid if authorised by the relevant Chief Officers.

13.9. Any extraordinary payments made to staff such as payments made for mutual termination, redundancy or severance must be approved by the S95 Officer.

14. PAYMENTS TO COUNCILLORS

14.1. Payments to Councillors, including co-opted Councillors, will be made by the S95 Officer or under arrangements approved by the S95 Officer. A properly completed standard claim form must be completed in accordance with:

- guidelines issued by the Council on Councillors Allowances;
- Local Government (Scotland) Act 2004 and any regulations made under the Act;
- Sections 46-49 (as amended) and any regulations made by the Scottish Ministers in terms of Section 50 of the Local Government (Scotland) Act 1973.

14.2. Councillors may claim travelling and subsistence allowances at the approved rates.

14.3. All claims for a financial year are to be submitted before the end of April in respect of the Financial Year Ending on 31 March (i.e. within one month of the Year End).

SECTION E – ASSETS AND SECURITY

15. INVENTORIES

- 15.1. Chief Officers will make arrangements for inventory lists to be drawn up. The inventory should include office equipment, furnishings, plant and machinery and any other valuable property. A purchase price of £500 may be used to determine if an item should be included on an inventory list, however other factors such as attractiveness and portability should be taken into consideration.
- 15.2. For insurance purposes, a copy of the inventory list should be kept off site.
- 15.3. Inventories should be kept up to date, with at least an annual check of all items. Any significant discrepancies should be reported to the S95 Officer immediately.
- 15.4. Wherever practical, valuable property should be clearly marked as the property of the Council.
- 15.5. Council property should not be removed from Council premises, other than in the course of proper Council business, except with the specific authority of the relevant Chief Officer.
- 15.6. The ICT service should be consulted before disposing of any IT equipment. All disposals should be in compliance with ICT Security policies and WEEE (Waste Electrical and Electronic Equipment) directive. The disposal of other inventory items should be undertaken in accordance with Financial Regulation 17.4.

16. STOCKS AND STORES

- 16.1. Chief Officers are responsible for the control of their stocks and stores. They must ensure that:
- stock is securely stored;
 - stock levels are maintained at the minimum level required to meet operational requirements;
 - records are to be maintained for all stock items and updated for each stock transaction;
 - stock is counted at least once per year and checked by a person independent of the day-to-day administration of the stock. The appropriate Manager or Supervisor will sign the Final Stock Certificate to confirm agreement with the Final Valuation;
 - Any surpluses or deficiencies found on stocktaking or at any other time are investigated and reported to the responsible Manager within the Service, and, if material, to the S95 Officer immediately.
- 16.2. All stock write-offs must be authorised in writing by a manager independent of the day-to-day administration of the stock. Any significant write-offs should be sanctioned in writing by the S95 Officer.
- 16.3. Any significant stock losses should be reported to the S95 Officer immediately.
- 16.4. Surplus stocks can be disposed of as follows:

- if the income realised is expected to be under £2,000, Chief Officers can authorise its disposal;
- if stock to be disposed of is valued in excess of over £2,000 disposal should be by competitive tender, public auction or equivalent;
- when appropriate, especially on electrical items, the disposal should be accompanied with a statement which clearly states that the Council does not accept any liability for anything that may go wrong with the item following the disposal.

17. VEHICLES

- 17.1. The officer responsible for fleet management identified in the scheme of delegation is responsible for ensuring that all vehicles are maintained in a satisfactory state of repair, and will take action or issue advice to ensure that all legal and safety requirements are complied with. "Vehicles" includes all those owned, leased, hired by, or otherwise in the custody or control of the Council.
- 17.2. The Council's policy in regard to the purchase, maintenance and disposal of fleet will be maintained by the officer responsible for fleet management and comply with these regulations and contract standing orders and be agreed with the S95 officer. This includes policy in regard to vehicle leasing, purchase, retention etc

18. ASSETS

- 18.1. The S95 Officer will maintain a record of all vehicles, plant and equipment in an Asset Register. All assets will be valued and depreciated in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. All Chief Officers will ensure that all purchases, sales, write-offs etc. of assets are promptly reported to the S95 Officer to ensure that the register can be updated on an ongoing basis.

19. ESTATES AND PROPERTY SECURITY

- 19.1. A Chief Officer identified in the Scheme of Delegation will maintain a register of all properties owned or leased by the Council recording the purpose for which held, location, extent and plan reference, purchase details, particulars or nature of interest and rents payable and particulars of any tenancies granted. All properties will be revalued periodically, to ensure that market values continue to be reflected, and in line with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 19.2. The Council's Monitoring Officer will have the custody of all title deeds under secure arrangements.
- 19.3. Chief Officers are responsible for maintaining proper security of all buildings, stocks, stores, furniture, equipment, cash, etc. under their control.

20. CASH SECURITY

- 20.1. Chief Officers will advise the S95 Officer of all changes in circumstances within the Service where cash is held or is otherwise under the control of officers of the Council. They will ensure that the minimum level of cash is held subject to the practicalities of individual circumstances.

- 20.2. Cash should never be used in any instance where a purchase order can be raised, and the goods or services paid for in the normal way through Creditors.
- 20.3. When cash is held, risk management and insurance implications must always be considered. All staff who have responsibility for handling cash should ensure that they are familiar with and comply with the Council's insurance policies.
- 20.4. Changes to the list of authorised signatories must be promptly notified to the S95 Officer who is responsible for maintaining the central database.
- 20.5. The transfer of cash or incoming cheques through the Cash Offices should be evidenced by a receipt or written record.
- 20.6. Officers with specific authorisation given by the S95 Officer are responsible for the security of safes and similar receptacles. Access should be limited to named officers and a security protocol for each safe should be developed taking into account the security requirements such as locations, sensitivity and value of contents and the numbers of staff requiring access. A register of keyholders for safes and similar receptacles is maintained by the S95 Officer. The loss of any key should be reported immediately to the relevant Chief Officers and to the S95 Officer.

SECTION F – INTERNAL AUDIT, RISK AND INSURANCE

21. INTERNAL AUDIT

- 21.1. The S95 Officer will make arrangements for a continuous and effective Internal Audit of the financial and other operations of the Council. The Internal Audit Charter will define the role and responsibilities of Internal Audit.
- 21.2. The aim of the Internal Audit function is to provide an independent and objective opinion to the Council on the risk and control environment, comprising risk management, governance, and control, by evaluating its effectiveness in achieving the Council's objectives. It objectively examines, evaluates, and reports on the adequacy of the framework of internal controls as a contribution to the proper, economic, efficient, and effective use of resources.
- 21.3. The Internal Audit Manager is accountable to a Chief Officer identified within the Scheme of Delegation, but has the right where circumstances warrant it to report in their own name and without fear or favour to the Chief Executive and to all officers and members. In addition, the Internal Audit Manager presents reports on relevant topics, including the Annual Internal Audit Plan, Annual Assurance Report, and Progress Reports, to the relevant Committee. Internal Audit staff have freedom of access at all times to all officers, members, IT systems, documents, and other Council assets consistent with any requirements of Data Protection legislation.
- 21.4. Chief Officers are responsible for identifying and managing the risk of fraud and corruption, for ensuring that appropriate risk management, internal control, and governance arrangements are in place, and that best value is achieved. The Internal Audit Manager's Annual Assurance Report to the relevant Committee will provide an opinion on the overall adequacy and effectiveness of these arrangements.
- 21.5. Internal Audit will review and report on the adequacy and effectiveness of internal controls, and in particular:-
- The safeguarding of assets;
 - The economic, efficient and effective use of resources;
 - The suitability and reliability of management information;
 - Compliance with approved Council policies, plans, and procedures.
- 21.6. Internal Audit must comply with relevant professional guidance, currently the CIPFA / CIIA Public Sector Internal Audit Standards.
- 21.7. Where Internal Audit write a report with recommendations, Chief Officers must confirm, in writing, within the specified timescale the action to be taken. Alternatively, they must provide an explanation where no action will be taken. It should be clearly understood, that in all instances where no action is taken, for whatever reason, that management have accepted the risk that arises from failure to implement an Internal Audit recommendation. This is in line with the principles of risk management and corporate governance.

- 21.8. Chief Officers are required to notify Internal Audit of all proposed changes to systems, or the establishment of new systems, where these have a material impact on internal control.
- 21.9. All officers and Members of the Council are required to promptly notify the S95 Officer of all financial irregularities or of any circumstances that may suggest the possibility of irregularities. The S95 Officer, in conjunction with the Internal Audit Manager, will determine the form of any resultant investigation.
- 21.10. Any officer has the right to use the Council's Reporting Concerns at Work (whistleblowing) Policy on reporting serious concerns at work. This may include contacting the relevant Chief Officer with responsibility for Fraud, the S95 Officer or Internal Audit Manager on any matter which gives them cause for concern.

22. RISK MANAGEMENT AND BUSINESS CONTINUITY

- 22.1. Chief Officers must ensure that appropriate Risk Management measures are taken within their Service. A Risk Register and Risk Management Plan will be drawn up and kept constantly updated. Chief Officers will maintain Risk Management Action Plans for their own areas and a Council-wide approach to risk management including the maintenance of a risk register will be co-ordinated by the Chief Executive.
- 22.2. Chief Officers must have a comprehensive Business Continuity Plan to cover all their operational activities and locations. Staff must be trained and the Plans must be tested periodically.
- 22.3. Updated copies of Business Continuity Plans must be passed to the service responsible for Emergency Planning, which will act in a corporate co-ordinating capacity for the Plans.

23. INSURANCE

- 23.1. The S95 Officer will make appropriate insurance arrangements and will negotiate all claims via the Council's Insurers.
- 23.2. Staff must comply with any requirements imposed by the Council's insurers as a condition of the policies.
- 23.3. Chief Officers will notify the S95 Officer promptly of any changes in properties, vehicles, equipment and other assets, any new or increased risks and any activities that might result in claims against the Council.
- 23.4. Chief Officers will immediately notify the S95 Officer in writing of any loss, liability or damage or any event likely to lead to a claim. Chief Officers will inform the Police where there is a legal liability to do so or where the Insurance Section has advised them to do so.
- 23.5. Chief Officers will notify the S95 Officer, and the Council's Monitoring Officer and HR Officer of all cases involving personal injury.
- 23.6. All appropriate officers of the Council will be included in suitable fidelity guarantee insurance. Chief Officers should provide an up-to-date list of any officers that are providing advice that would be covered under the fidelity guarantee to the Insurance section.

- 23.7. Chief Officers will consult the S95 Officer and the Council's Monitoring Officer regarding the terms of any indemnity that the Council is requested to give.

SECTION G – BANKING, TREASURY AND CAPITAL INVESTMENT

24. BANKING ARRANGEMENTS AND CHEQUES

- 24.1. All arrangements with the Council's bankers, including indemnities, will be made by, or under arrangements approved by, the S95 Officer who is authorised to operate such bank accounts as may be considered necessary.
- 24.2. Cheques drawn on the Council's main bank accounts will be signed by the S95 Officer or other officers formally authorised by the S95 Officer, in line with delegated authority limits agreed with the bank.
- 24.3. All arrangements for transfer, receipt, or payment using any form of automated bank transfer will be made by, or under arrangements approved by, the S95 Officer.
- 24.4. Personal cheques cannot be cashed out of money held on behalf of the Council or substituted for cash collected on behalf of the Council.
- 24.5. The S95 Officer shall ensure that banking services are put out to tender in line with Contract Standing Orders to ensure best value..
- 24.6. All Council bank accounts, and other bank accounts operated by Council staff as part of their work with the Council, must be reconciled at least once a month.

25. TREASURY MANAGEMENT AND PRUDENTIAL CODE

- 25.1. The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice and CIPFA's Prudential Code for Capital Finance in Local Authorities
- 25.2. All borrowing and lending will be performed in the name of the Council.
- 25.3. All funds in the hands of the Council will be aggregated for the purposes of Treasury Management and will be under the control of the S95 Officer.
- 25.4. All executive decisions on borrowing, investment or financing are managed in accordance with the Scheme of Delegation which makes provision for the S95 Officer to act on the Council's behalf and is required to act in accordance with the CIPFA Code and in particular:-
- all loans to the Council will be negotiated by the S95 Officer and wherever possible will be paid direct by the lender or his agent to the Council's bank account;
 - all Council loan certificates will, prior to use, be in the custody of the S95 Officer and issued only when required for completion;
 - all heritable securities which are the property of or in the name of the Council and the title deeds of all property in its ownership will be held in custody of the Monitoring Officer;
 - any trust funds will wherever possible be in the name of the Council.

- 25.5. In line with the requirements of the Treasury Management Code and the Prudential Code, the S95 Officer will provide the following reports to Council during the year:
- an Annual Strategy and Prudential Indicators report at the commencement of each financial year based on the capital and revenue spending plans set out in the proposed budget paper;
 - a Mid–year review of the Treasury function; and
 - an Annual Review of the Treasury function for presentation by at the end of each year.
- 25.6. The S95 Officer will be the Council's registrar of stocks, bonds and mortgages granted by the Council and will maintain records of all borrowing of money by the Council.
- 25.7. There will be no unlimited authorisation below Chief Officer level, and no authorisation level below Chief Officer level shall exceed £30,000, unless the S95 Officer authorises otherwise.

SECTION H – IMPRESTS, ADVANCES AND OTHER FUNDS

26. IMPRESTS / PETTY CASH

- 26.1. The S95 Officer will provide an amount of money, called an imprest, to nominated Officers of the Council, for the purpose of paying for minor petty cash expenditure.
- 26.2. Imprests will be operated in accordance with detailed procedures issued by the S95 Officer.

27. ADVANCES

- 27.1. An advance can be issued to an officer who is likely to incur substantial expenditure on behalf of the Council out of their own pocket. This practice is not intended for routine expense claims that should not involve substantial amounts of money and should cover only reasonably anticipated expenditure.
- 27.2. Advances will be issued and operated in accordance with detailed procedures issued by the S95 Officer.

28. INDEPENDENT FUNDS

- 28.1. Independent funds are those operated by Council officers authorised for that purpose by the S95 Officer by reason of their employment with the Council. Examples include school funds and donation accounts.
- 28.2. Funds should be operated in accordance with any specific guidance issued by the S95 Officer.
- 28.3. Authorised Officers are responsible for:-
- authorising the establishment of funds;
 - maintaining a register of all funds and bank accounts;
 - ensuring that proper books of account and other records are maintained and are always up to date;
 - ensuring all funds with their own bank accounts are audited annually;
 - ensuring that any concerns are immediately notified to the appropriate Chief Officer, and, if involving concerns over potential financial irregularity, to the S95 Officer.
- 28.4. All bank accounts, purchases, contracts etc must be in the name of the Council or, with the agreement of the S95 Officer, the name of the establishment (e.g. the school name). The establishment's address must be used for all correspondence and for the delivery of all goods ordered and paid for from the account.
- 28.5. The Head of the Establishment is responsible for ensuring that income and expenditure is properly monitored and that accounts remain in credit at all times.
- 28.6. Independent Funds should be regarded as public money and therefore all purchases must comply with Public Procurement legislation and other requirements on fair competition, best value etc.

29. CLIENT FUNDS

- 29.1. Any officer who, by reason of their employment with the Council, is responsible for the custody or management of cash or property belonging to a third party will employ standards of stewardship no less than those laid down elsewhere in these Regulations.
- 29.2. Officers will adhere to any guidance issued by their Chief Officer.
- 29.3. Each officer will, if so required by the S95 Officer or by the Chief Officer concerned, provide immediately a full account of all cash and property received from, or on behalf of a third party.

30. PROTECTION OF PRIVATE PROPERTY

- 30.1. Circumstances may arise where the Council is required to assume legal responsibility over the movable property of a third party such as a list of personal possessions left in an abandoned house or where a client is moving into care.
- 30.2. Chief Officers must ensure that a detailed inventory of all such property is prepared. The inventory should be assessed for items of value or legal importance, and arrangements made for their safe custody and eventual disposal.
- 30.3. Chief Officers must have in place detailed procedures relevant to their services areas in regard to the management and protection of private property.

31. TRUST FUNDS

- 31.1. Trust funds are money or other assets to be used for the purpose(s) specified in the trust deed. Trust funds are commonly used as a method of donating money for the benefit of a community or project, for example bequests from the public.
- 31.2. Trust funds and bequests will be operated under the directions of the S95 Officer and the Monitoring Officer.
- 31.3. A trust deed setting out the terms and conditions of the trust must be deposited with the Monitoring Officer.
- 31.4. Trustees are bound by the terms of the trust deed and trust legislation and when they have responsibility for cash or other assets should employ standards no less than those laid down elsewhere in these Regulations.

32. VARIATION OF FINANCIAL REGULATIONS

- 32.1. The S95 Officer shall be authorised to amend these Regulations as and when required, to take account of alterations in Financial Practice and Legislation. Such changes will be reported to Council.

[End]

Report to Audit Committee**Date of Meeting: 20th June 2019****Subject: Corporate Risk and External Audit Actions****Report by: Strategic Director – Partnerships & Performance****1.0 Purpose**

- 1.1. This report provides the 2018/19 year-end update on Clackmannanshire Council's Corporate Risk Log (Appendix A), the Annual Statement of Preparedness (Appendix B), and actions from the external audit of 2017/18 accounts by Audit Scotland (Appendix C). The Corporate Risk Management Guidance is also provided for information (Appendix D).

2.0 Recommendations

- 2.1. That Committee notes the report, commenting and challenging as appropriate.

3.0 Considerations**3.1. Purpose of Risk Management**

- 3.1.1. The Council has several key goals regarding how it will care for and support the people and area of Clackmannanshire. In order to plan how we will achieve these goals, we must also consider the internal and external challenges that could prevent or hinder their achievement. An effective risk management approach ensures that the Council is aware of such factors and, where appropriate, takes action to reduce or remove risks to ensure the success of its initiatives. The purpose of risk management is not to prevent activities from taking place, but to ensure that all relevant factors are taken into account in their planning and execution so that the best possible outcomes are realised.
- 3.1.2. Council officers and services deal with a wide variety of operational risks to individuals, communities and internal management processes on a daily basis. A corporate risk management approach, however, must take a wider, more strategic view and consider the implications of short-, medium- and long-term concerns, as well as the (often complex) inter-dependencies between risks. The hierarchy of risk logs from teams, to services (and partnerships), to the corporate log should ensure that the Council has holistic oversight of the most significant issues which must be monitored and managed.
- 3.1.3. Steps are taken to integrate the risk assessment process with key functions, such as Internal Audit, Legal & Democracy, Human Resources, Equalities, Communications, Emergency Planning, Asset Management, Sustainability, etc. Though external auditors' main focus is financial management, Audit Scotland's revised Best Value Assurance approach aims to enhance assessment of wider areas, such as performance and change management, to present a more comprehensive audit opinion. For the same reason, this report presents corporate risk alongside external audit (and resilience) issues to ensure that key internal and external views and factors are summarised together.

3.2. Corporate Risk Management Process

3.2.1. The corporate risk log is owned by the Strategic Leadership Group, and the Strategic Director – Partnership & Performance is responsible for the corporate Risk Management approach. The Council follows a systematic risk process, reporting corporate and service risks to Committee on a regular basis. The process is assessed via internal and external governance and audit mechanisms, and peer-reviewed by other local authorities.

3.2.2. Each review involves gathering information from internal and external sources (environmental scanning) and review of the log by a range of different individuals and groups. Meetings are held with risk owners and delegated officers, to:

- Review changes and developments in existing corporate and service risks (review progress, controls and scores, and consider escalation/demotion);
- Analyse dependencies, 'knock-on effects' and wider perspectives (i.e. discussing with both the approach/action owners, and those who must adhere/deploy/react);
- Investigate emerging externally-identified risks for local relevance (local audit/inspection, other authorities, national themes and Association of Local Authority Risk Managers);
- Evaluate emerging internally-identified risks (such as those highlighted through Internal Audits, self-assessments and the Annual Governance Statement process).

3.2.3. Risks with implications across multiple services, or assessed as significant for any specific area, are considered for escalation to the corporate log, where they are managed until their severity reduces. Risks are recorded on the Pentana Performance Management System and linked to outcomes, actions (or overall plans/strategies) and existing controls (policies, procedures, scrutiny, etc.). It would be impossible to remove all risk from our operations as most Council functions have inherent risks, as do most organisational changes, thus, never taking risks would also mean failing to meet statutory duties and/or missing improvement opportunities. The aim, therefore, is not to be 'risk averse', but 'risk aware'.

3.2.4. We identify our approach to managing each risk as:

- Treat: we will take action to reduce the risk;
- Tolerate: actions within our control have been completed and plans are in place;
- Transfer: the risk will be passed to another party, such as insurers;
- Terminate: the activity that is causing the risk will be ceased.

3.2.5. The new senior management appointments have provided a timely opportunity to evaluate mechanisms and governance. Changes have been made to the Corporate Risk & Integrity Forum arrangements, whereby the Strategic Leadership Group now reviews risk quarterly with updates from ad hoc attendees, depending on the current risk profile. This improves visibility, ownership and input at the most senior level, and provides flexibility to address the most significant risks at any given time. The increased review frequency also strengthens corporate focus on risk, and ensures preventative steps are taken in a timely manner to minimise negative impact on the achievement of outcomes.

3.2.6. The Corporate Risk Management Policy & Strategy is currently under review and the guidance (an appendix to the strategy) is always included with year-end risk reports, for information. With the new LOIP and Corporate Plan in place, once the organisational structure has been finalised and service managers appointed, a full strategic corporate risk assessment will be conducted, followed by service and team reviews. This will ensure that risk logs are a fully refreshed reflection of the implications around the outward-looking LOIP, additional Corporate Plan priorities regarding internal Council management, and service and senior management responsibilities and duties.

3.3. Corporate Risk Log – Appendix A

3.3.1. As seen in the current risk profile, in periods of transition there are commonly a number of related high risks while changes in leadership/structures are embedded, and other processes reviewed. As well as internal issues, wider current political, social and economic factors also present uncertainties across a wide range of Council functions. In this report, the main changes are EU Withdrawal moving from Tolerate to Treat, and the escalation of Attainment Gap from the Education service log. Scores have increased and reduced in equal numbers and, in other cases, mitigating actions or other factors have changed risks' severity, though not with the materiality required to change the score itself.

Approach: Treat

3.3.2. As highlighted by Audit Scotland, Financial Resilience, Organisational Change and Governance remain key concerns, with the appointment of the Change Programme Manager a vital milestone for future mitigation of all three. Focus also remains on Health & Safety compliance, with continued provision of training, support and advice for staff. As reflected in the LOIP, Child Protection is always a key priority, and while workforce issues have increased the score at present, substantial service review, focussing on recruitment and staff development, aims to reduce it again in the future.

3.3.3. EU Withdrawal has moved from Tolerate to Treat, with significant preparatory activity since the last report, despite a changeable national position (further details in Statement of Preparedness). Changes in understanding and analysis have reduced the Welfare Reform score, however, Scottish/UK Government decisions around homeless rents could have negative impacts. While the LOIP is designed to address Changing Demographics, Health & Social Care overspend suggests that demand and inequalities are still not being fully addressed by planning and resource allocation. Work continues around Extremism, with developments in security protocols, plans, training and information for staff.

3.3.4. Attainment Gap has been escalated from the Education risk log due to its significance to corporate goals, and Scottish Attainment Challenge actions continue to be progressed, with an improving trend in overall attainment. Capacity and capability improvements, and cloud-based technologies reduce long-term impact of IT System Failure. Increased knowledge of vulnerabilities would raise the Serious Organised Crime score, however, balanced with improved controls, it remains consistent. Workforce Planning has increased due to close links to high risks, however, this will be similarly mitigated by the Change Programme. During transition and contraction, Information Management is also key, with new GDPR and digital transformation implications, and roll-out of controls and staff support continues.

Approach: Tolerate

3.3.5. These are generally risks where the cause/likelihood is less controllable (often Business Continuity-related), where we must focus more on response than prevention. Council and partnership work continues to strengthen resilience in relation to Public Utilities. The conclusion of national multi-year pay negotiations reduces the risk of strike action, however, Industrial Unrest remains consistent due to increased morale/productivity/uncertainty issues around transition and organisational restructuring.

3.3.6. 2018 was a clear example of Climate Change impacts materialising in both the summer and winter, therefore, it cannot be expected that the risk of Severe Weather will reduce based on seasonality. Public Health Emergency has been at a tolerable level for 2 years and, though plans have been tested to a certain extent, has not materialised as expected. This risk will, therefore, be removed from the log and re-instated should further concerns arise (with continued monitoring and reporting via the Statement of Preparedness).

3.4. Annual Statement of Preparedness 2018/19 – Appendix B

- 3.4.1. The controls in place to respond to the most significant Emergency Planning/Business Continuity risks are shown in more detail in Appendix B. These focus on the nature and scale of individual impacts and provide more information on the different internal and external controls in place. Flooding and other types of Severe Weather are also separated to show the differing responses required, and the longer term Climate Change risk is also included. Though most of these risks are 'Tolerated', work continues on refining plans and incorporating learning from any incidents that do occur.
- 3.4.2. As shown in the final section, almost all recent resilience activity has focussed on preparing for the UK's withdrawal from the European Union. The short-, medium- and long-term implications across a wide range of sectors have been analysed, and plans and monitoring arrangements put in place. National requirements of the Brexit Co-ordination Centre (such as establishing an Incident Management Team) were met and contributions made via the Scottish Resilience Partnership. A heightened level and frequency of reporting was in place briefly, but was reduced again when the Brexit deadline was deferred. We will continue to monitor developments, and respond accordingly.

3.5. 2017/18 External Audit Actions – Appendix C

- 3.5.1. As would be expected, External Audit actions focus on more operational aspects of the Finance function, and a number relate directly to some of the highest-scored corporate risks, i.e. Financial Resilience, Organisational Change and Governance. 4 actions are complete, and the remaining 3 are each at least a third complete, with the overall list nearly three quarters complete (target dates were not assigned by Audit Scotland). Similarly to many corporate risks, the outstanding actions will be addressed through implementation of the new Corporate Plan, including the organisational redesign, the corporate transformation programme and further refinements to financial processes.

3.6. Corporate Risk Management Guidance – Appendix D

- 3.6.1. The Corporate Risk Management Guidance is provided alongside this report to provide Members with information on the principles and processes followed in relation to Risk Management, as well as their role in Risk Scrutiny. This version of the guidance was produced in 2015 as a key practical appendix to the Corporate Risk Management Policy and Strategy. This is currently under review, and the revised version will be presented to Committee, once approved by the Strategic Leadership Group.
- 3.6.2. Though some changes to Committee structures, etc. have occurred since the guidance was produced, all other aspects remain relevant to how we assess and manage risks. The guidance is applicable at a team, service, corporate and partnership level. Though risk management can never be an 'exact science', and must inherently involve a certain degree of forecasting, estimation and subjectivity, use of the guidance ensures that the Council can provide assurance that an appropriate, consistent and robust approach is in place. Further advice, support and facilitation is also provided to Council services and partnerships on an ongoing basis by the Strategy & Performance team.

4.0 Sustainability Implications

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

5.0 Resource Implications

5.1. *Financial Details – There are no direct financial implications arising from this report.*

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. Yes ✓

5.4. *Staffing – There are no direct staffing implications arising from this report.*

6.0 Exempt Reports

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

7.0 Declarations

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

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

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. If there are no appendices, please state "none".

Appendix A – Corporate Risk Log

Appendix B – Annual Statement of Preparedness 2018/19

Appendix C – External Audit Actions

Appendix D – Corporate Risk Management Guidance

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 ✓









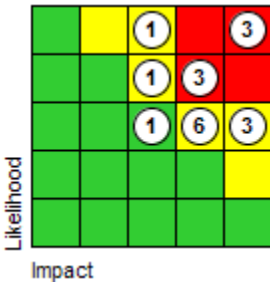
Author(s)





































NAME	DESIGNATION	TEL NO / EXTENSION
Judi Richardson	Performance & Information Adviser	2105

Approved by



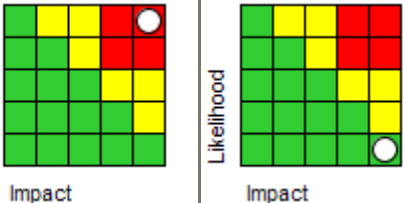
NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director – Partnership & Performance	



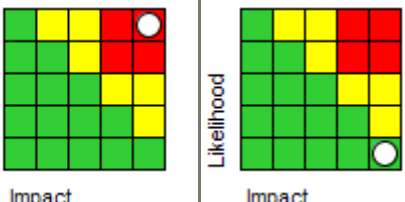
Appendix A - Corporate Risk Log



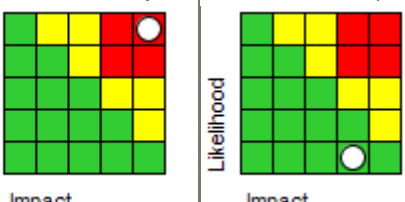
Summary of Changes	Distribution of Scores
<p>At the 2018/19 year end stage (out of a total of 18 risks):</p> <p><u>Status</u></p> <p> 6 risks are red (same as in the previous report – 2018/19 half year)</p> <p> 11 risks are amber (increase from 9 – 1 green increased and 1 new)</p> <p> 1 risks is green (same as in previous report)</p> <p><u>Approach</u></p> <p>14 risks are being Treated (increase from 12 – 1 changed from Tolerate and 1 new)</p> <p>4 risks must be Tolerated (decrease from 5)</p> <p><u>Change in Scores Since Last Review</u></p> <p> 2 risks have increased</p> <p> 13 risks remain the same</p> <p> 2 risks have reduced</p> <p> 1 risk has been newly added to the log</p> <p> 1 risk will be removed from the log after this report</p>	



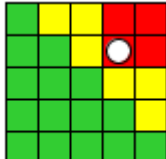
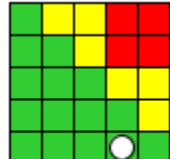
Code	Title	Score	Status	Approach	Change
COU CRR 008	Insufficient Financial Resilience	25		Treat	
COU CRR 034	Insufficient Pace and Scale of Organisational Change	25		Treat	
COU CRR 012	Health & Safety Non-compliance	25		Treat	
COU CRR 033	Major Governance Failure	16		Treat	
COU CRR 011	Harm to Child(ren)	16		Treat	
COU CRR 040	Failure of Public Utility Supply	16		Tolerate	
COU CRR 045	Unknown Terms of EU Withdrawal	15		Treat	
COU CRR 032	Council & Community Impact of Welfare Reform	15		Treat	
COU CRR 005	Inability to Respond to Changing Demographics	15		Treat	
COU CRR 038	Failure to Prevent Extremism and/or Radicalisation	15		Treat	
COU CRR 048	Increasing Attainment Gap	12		Treat	
COU CRR 046	IT System Failure	12		Treat	
COU CRR 037	Failure to Address Serious Organised Crime	12		Treat	
COU CRR 047	Inadequate Workforce Planning	12		Treat	
COU CRR 009	Information Not Managed Effectively	12		Treat	
COU CRR 023	Industrial Unrest	12		Tolerate	
COU CRR 031	Failure to Prepare for Severe Weather Events	12		Tolerate	
COU CRR 022	Public Health Emergency	9		Tolerate	



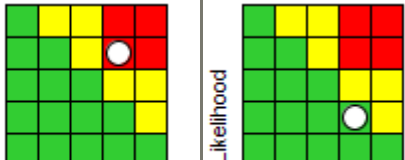
Approach Treat


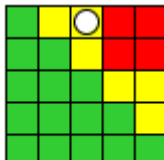
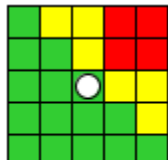
		Insufficient Financial Resilience	Chief Finance Officer	Current Score	25	Target Score	5
Risk	The Council does not have a balanced budget to meet essential service demands, customer needs, or external agendas.						
Potential Impact	Reputational and legal implications and severe, extended loss of service provision. Possibility of Alliance, Health & Social Care and other partners also experiencing budget pressures contributes to potential impact, given the interdependencies.						
Note	The cumulative funding gap to 2023 is £23.5m, with continuing need for significant budget reductions. Given the significant savings already achieved, it is extremely challenging to identify new proposals, and significant priority is being given to progressing the Council's organisational redesign and transformational change.						
Related Actions	Audit of 2017/18 Accounts by Audit Scotland		COU EXA 178	Existing Controls	Budget Strategy & Monitoring		
	Use the agreed strategic change framework to implement a whole organisation redesign		EXA BVA 1A0		Procurement Strategy		
	Balance drive for savings with need for change support & make more use of external assistance		EXA BVA 4F0		Change Management Board		

		Insufficient Pace and Scale of Organisational Change	Chief Executive	Current Score	25	Target Score	5
Risk	The Council fails to proactively drive the fundamental redesign of services and organisational planning/development with the speed required to address the funding gap due to ineffective change management.						
Potential Impact	Failure to maintain the required level of provision for statutory services. The corporate business improvement programme does not establish sustainable service delivery and a sustainable cost base for the future.						
Note	Change programme governance proposals approved by Council on 23-Aug-18, Programme Manager now in post. Services continue to identify changes/projects to achieve savings & deliver LOIP commitments, including City Deal opportunities. Service redesign currently behind programme and expected savings were not achieved in full during 2018/19.						
Related Actions	Establish a Programme Management Office to support organisational redesign		EXA BVA 1B0	Existing Controls	Communications Strategy		
	Establish a governance process and structure to drive, oversee and monitor the change process		EXA BVA 1C0		Business Planning Process		
	Carry out a programme of training in leading and managing transformational change		EXA BVA 4F1		Union & Member Comms Forums		



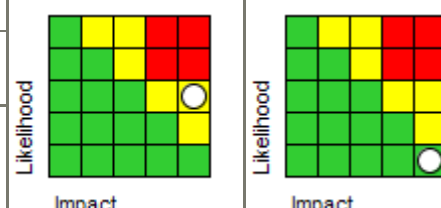
		Health & Safety Non-compliance	Chief Executive	Current Score	25	Target Score	4
Risk	Incident or statutory breach results in injury or death of staff member or customer due to lack of awareness or non-compliance with policies and procedures. Incidents may also arise from third parties actions, outwith Council control.						
Potential Impact	The effects on individuals and their families, financial penalties (including Health & Safety Executive intervention fees), criminal proceedings, adverse publicity, increased insurance or damage to Council assets.						
Note	While work is progressing, there are still significant gaps between policies/procedures and accepted practice in some areas of the Council. Communication and culture are key, and recent Health & Safety Executive advice will be incorporated.						
Related Actions	Health & Safety action plan, based on recommendations from Gallagher Bassett		CRR P&P HR1	Existing Controls	Health & Safety Management System		
	Governance improvement actions across all services		CRR P&P LD1		Health & Safety Managers' Handbook		



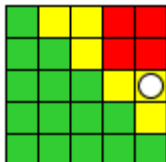
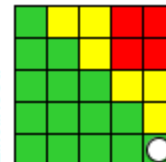
		Major Governance Failure	Strategic Director - Partnership & Performance		Current Score	16	Target Score	4
Risk	A significant failure of compliance with statutory duties due to a lack of awareness or understanding of corporate policies or codes of conduct, or through non-adherence, including through management or elected member override of controls.				<div>Likelihood</div>  <div>Impact</div>	<div>Likelihood</div>  <div>Impact</div>		
Potential Impact	Significant reputational damage, injury or loss of life, legal action, financial loss or disruption to service delivery. Staffing changes and re-design reaffirm need to closely monitor & manage compliance with statutory requirements & good practice.							
Note	This risk remains high. New committee structures have been in place since August. Standing Orders & Scheme of Delegation will be revised to reflect new appointments & responsibilities, and annual Governance process is under review.							
Related Actions	Audit of 2017/18 Accounts by Audit Scotland			COU EXA 178			Existing Controls	Scheme of Delegation
	Annual Internal Audit Programme			COU IAF	Governance & Audit Processes			
	Annual Governance Statement improvement actions across all services			CRR P&P LD1	Committee Structures & Remits			



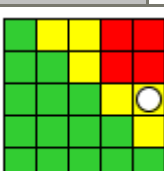
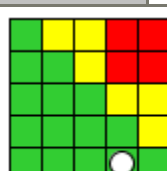
		Harm to Child(ren)	Strategic Director - People			Current Score	16	Target Score	8
Risk	A lack of capacity or stability in key roles reduces the Council's ability to fulfil statutory requirements and intervene to prevent the serious harm of a child/children.								
Potential Impact	Effects of injury or death on individual, family, friends & staff members, reputational & legal implications, with associated costs, as well as impact of reputational damage & negative publicity on morale, workforce development and sustainability.								
Note	Children's Social Work services have embarked on a significant improvement journey, as outlined in the Corporate Parenting Strategy and related plans. A substantial service review has been undertaken across a wide range of areas, particularly focussing on workforce development. While these activities will reduce this risk in the future, the score is being increased at the moment to more accurately reflect the scale of issues and gaps in capacity currently being managed.								
Related Actions	Develop and Implement a new Corporate Parenting Strategy for 2018/2021				LOI LP1 102	Existing Controls	Child Protection Procedures		
	Social Services Business Plan 2017-22				SOS BP 17-22		Public Protection Forum		
	Children's Services Plan 2017-2020				SOS CHC CSP		Child Protection Committee		

		Unknown Terms of EU Withdrawal	Chief Executive	Current Score	15	Target Score	9
Risk	The Council is unable to prepare for the potential impact of Brexit due to uncertainty around the terms of withdrawal, future relationships with European Union nations, or the timing of withdrawal (possible extension of Article 50 period).			<div><div>Likelihood</div><div></div><div>Impact</div></div> <div><div>Likelihood</div><div></div><div>Impact</div></div>			
Potential Impact	Inability to assess/mitigate/prepare for impact on migration, trade, regulation, security, or wider impacts across sectors (see Brexit Update to Council, 25-Oct-18). Also differing geographical impacts for Clacks (economic resilience) and Scotland (food/drink) than UK. Local impact most likely workforce, economy/procurement & value/funding of goods & services.						
Note	Work is ongoing to monitor the potential impacts of EU withdrawal based on the Scottish and UK planning assumptions. Information has been shared with employees, elected members and with communities on potential impacts and to plan mitigations. Information for employees and communities has been shared on the Council website. Work in partnerships with resilience partners, COSLA and SOLACE is ongoing. Future update reports will be prepared for Council.						
Actions	Local actions & those recommended/required by Scottish Resilience Partnership/Brexit Co-ordination Centre			Controls	Brexit Update Reports to Council		




		Council & Community Impact of Welfare Reform	Strategic Director - Partnership & Performance		Current Score	15	Target Score	5	
Risk	The welfare reform agenda increases deprivation in the area, removes £8 to £10 million from the local economy and requires the Council to provide additional services and support due to a national priority of reducing welfare expenditure.								
Potential Impact	Reversal of efforts to reduce deprivation and improve economic development in the area, as well as reputational, budget and staffing implications of providing new services (impact of the transfer to Universal Credit cannot yet be quantified).								
Note	The real risk is impact to local economy which, as Universal Credit and other measures fully roll out, will require ongoing monitoring for impact on local community and LOIP outcomes. For Council General Services Account, likely to directly impact income from homeless rents which cover cost of provision. Whilst at present UK Government have outlined support to continue to pay costs via Housing Benefit, Scottish Government currently re-examining issue of rents for homeless accommodation. Reduction could significantly impact income for provision of homeless services (statutory requirement).								
Related Actions	Put in place targeted and intensive early intervention support programmes which address the impact of poverty and invests in the long term outcomes for children and young people		LOI LP1 108	Existing Controls	Scottish Welfare Fund (Crisis & Community Grants)				
	Develop a new Inclusive Economic Growth Strategy with focus on developing a skilled workforce		LOI LP1 203		Discretionary Housing Payments				

		Inability to Respond to Changing Demographics	Chief Executive			Current Score	15	Target Score	5
Risk	Services are not appropriately redesigned based on demand analysis in relation to the ‘ageing population’, increasing single-person households, school rolls or changing needs regarding health, complexity of care or socio-economic factors.					<div><div>Likelihood</div><div>Impact</div></div>	<div><div>Likelihood</div><div>Impact</div></div>		
Potential Impact	Inappropriate allocation of resources & assets, misalignment of corporate objectives to need, inability to demonstrate Best Value, and possible financial and reputational consequences of responding to unplanned situations.								
Note	LOIP sets out new partnership outcomes, based on demographic & demand analysis. 8 local priorities in the Health & Care Strategic Plan will strengthen community & place-based services. Developing work on Local Child Poverty Action Reports is in place to reduce levels of poverty in Clackmannanshire. Data & Research routinely informs decision-making.								
Related Actions	Clackmannanshire Alliance Local Outcome Improvement Plan 2017-27			CPP LOI	Existing Controls	Customer Consultation & Engagement			
	Implement Health & Care Partnership Strategic Delivery Plan			CRR HSC SDP		Budget Strategy & Monitoring			

		Failure to Prevent Extremism and/or Radicalisation	Strategic Director - Partnership & Performance			Current Score	15	Target Score	4
Risk	Radicalisation of someone from the area results in terrorist incident (or other malicious attack), causing physical or financial harm to individuals or groups (here or elsewhere), or fear of such an incident affects quality of life.					<div>Likelihood</div>  <div>Impact</div>	<div>Likelihood</div>  <div>Impact</div>		
Potential Impact	Casualties/fatalities, property/infrastructure damage, need for evacuation/temporary housing or wider economic damage. Financial harm to individuals, businesses or the Council. Disruption to services or reputational/legal implications.								
Note	Continue to implement CONTEST delivery plan through work with our partners. Internal audit was completed in 2018 with substantial assurance provided.								
Related Actions	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness			CRR P&P SP2	Existing Controls	FV Local Resilience Partnership	CONTEST Plan & Working Groups		



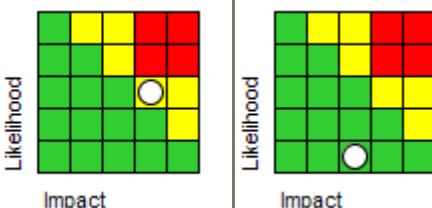




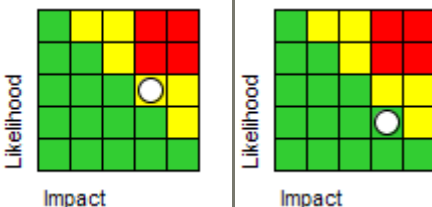
		Increasing Attainment Gap	Chief Education Officer			Current Score	12	Target Score	8
Risk	The Council fails to reduce the educational attainment gap between pupils from more and less deprived areas due to financial pressures, workforce issues, or wider economic, demographic and poverty-related issues.					<div>Likelihood</div>  <div>Impact</div>		<div>Likelihood</div>  <div>Impact</div>	
Potential Impact	Reputational damage, implications for audit/inspection findings & funding, and poor results in school leaver destinations and participation, with longer-term impacts in relation to social mobility, poverty, life chances and the area's economic growth.								
Note	The Attainment Team has reviewed programmes, ceasing some and redesigning others. Improving Outcomes Principal Teachers in post, and Pupil Equity Fund plan aligned to Attainment Challenge outcomes. Collaborative Research & Evaluation Strategy in place, including work with 3 Universities, and Tapestry Partnership delivering a bespoke programme.								
Related Actions	Scottish Attainment Challenge Action Plan 2018/19			EDU SAC	Existing Controls	Scottish Attainment Challenge			
	Deliver Attainment Challenge actions and ensure barriers are identified early and addressed			LOI LP1 201		National Improvement Framework			

		IT System Failure	Strategic Director - Partnership & Performance			Current Score	12	Target Score	9
Risk	Full or partial loss of network/hardware/software/telecoms technologies (temporary or prolonged) due to cyber attack/other emergency, failure to manage maintenance/backups/suppliers/contracts, or lack of investment in systems/staff/training (i.e. failure of IT services to uphold priorities of Confidentiality, Integrity and Availability).					<div>Likelihood</div>  <div>Impact</div>		<div>Likelihood</div>  <div>Impact</div>	
Potential Impact	Financial impact from loss of productivity, service disruption (inc. statutory/vulnerable groups), inability to communicate, harm to staff/customers (access to records/Potentially Violent Persons register) & legal/regulatory/reputational implications.								
Note	Improvements made to backup capacity & capability reduce impact of any failure. Additional internet capacity added to provide resilience when accessing cloud based services. Key systems HR/Payroll and Finance are cloud based thereby distributing risk and enhancing business continuity capability.								
Related Actions	Develop & deliver the Council's Digital Transformation Strategy			CRR P&P IT1	Existing Controls	Business Continuity Plans			
	Complete actions from IT Asset Management Plan			CRR P&P IT2		Service Level Agreements & Contracts			



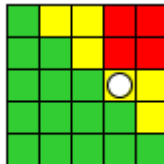




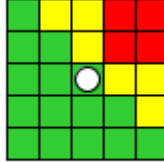
		Failure to Address Serious Organised Crime	Strategic Director - Partnership & Performance			Current Score	12	Target Score	8
Risk	Public bodies fail to address the issues around serious organised crime involving drugs, violence, fraud, corruption, money laundering and/or human trafficking, due to a lack of preventative processes or information sharing.					<div>Likelihood</div>  <div>Impact</div>		<div>Likelihood</div>  <div>Impact</div>	
Potential Impact	Physical or financial harm to individuals, businesses, communities or the Council. Direct or indirect disruption to Council services and associated reputational and/or legal implications.								
Note	Self-assessment completed with Police Scotland and Internal Audit and actions identified. Audit report completed in 2018 with substantial assurance reported. IT/Web security enhanced, staff training provided & CONNECT information on general, cyber personal & building security. Progress monitored by Corporate Risk & Integrity Forum.								
Related Actions	Serious Organised Crime action plan, based on Police Scotland self-assessment			COU SOC	Existing Controls	Let Scotland Flourish Strategy			
	Implement Council CONTEST Delivery Plan, based on the Government's CONTEST Strategy			CRR P&P SP1		SOC Delivery Plan			
	Actions from Internal Audit of CONTEST, Prevent & Serious Organised Crime Readiness			CRR P&P SP2		National Fraud Initiative			



		Inadequate Workforce Planning	Strategic Director - Partnership & Performance			Current Score	12	Target Score	3
Risk	Due to a lack of workforce planning, the Council fails to adequately develop its workforce to ensure that skills, knowledge and structures are appropriate, sustainable, financially viable, and compatible with our corporate vision.								
Potential Impact	Lack of intelligence on opportunities & threats around workforce development, resulting in under-investment in workforce and increasing disconnect between the people and skills we have, versus the people and skills we need for the future.								
Note	The Council has drafted a revised Workforce Plan for period 2019-22 which is currently being considered by SLG. Approval of plan by SLG / Council may further reduce risk. However, with the Council's ongoing transformational programme the impact of inadequate workforce planning is considered to be significant. To support the mitigation of this risk the Council undertook a staff survey in 2018, with resultant actions (as defined by a staff/TU working group) being integrated into our Workforce Plan. This will help define and plan out future OD in support of adequate workforce planning.								
Related Actions	Identify actions with Staff Survey working group to incorporate into Workforce Plan				CRR P&P HR2	Existing Controls	Interim Workforce Strategy		
	Implement the Workforce Plan 2019-22 once approved by Council				CRR P&P HR3				



		Information Not Managed Effectively	Strategic Director - Partnership & Performance		Current Score	12	Target Score	8
Risk	Information is not protected due to lack of compliance with information sharing, data protection, records management or IT principles/protocols (Confidentiality, Integrity & Availability), or poor management of information leads to inefficiency (duplication across multiple systems) and decisions based on poor quality/inaccurate business intelligence.				<div><div>Likelihood</div><div></div><div>Impact</div></div>			
Potential Impact	Legal/reputational/financial implications from breaches, inefficiencies costing time/money, non-completion of (possibly statutory) duties. Loss of productivity, impacting morale, or uninformed decision-making if information not available/used.							
Note	Ongoing work & education on technical & operational controls. CyberEssentials achieved. Focus on Clacks Academy mandatory training. Ongoing consolidation of systems. Council reorganisation brings negative impacts to management of information. Terms of Reference for Information Governance Group approved by ESLG. Digital Strategy to Council 18-Apr.							
Related Actions	GDPR Implementation Project Plan			COU GDP 000	Existing Controls	Information Sharing Protocols		
	Develop & deliver the Council's Digital Transformation Strategy			CRR P&P IT1		GDPR Guidance & Training		
	Develop a programme of digitisation to support redesign and service change			EXA BVA 1A4		Records Management Working Group		





Approach Tolerate

		Failure of Public Utility Supply	Strategic Director - Partnership & Performance	Current Score	16	Existing Controls
Risk	Loss of gas, electricity, water or communications over a significant area due to failure of a provider's infrastructure as a result of a local or national event.			<div>Likelihood</div>  <div>Impact</div>	Business Continuity Plans	
Potential Effect	Fatality, injury or health risk, requirement to evacuate & find alternative accommodation, including for vulnerable people. Disruption to businesses, with potentially large costs, and impact on contact with health, care and emergency services.					Major Incident Procedures
Note	Risk remains high due to infrastructure & power interdependencies, particularly outage recovery time (now believed to be minimum 7 days). Priority for Resilience community, particularly due to Councils' duty of care. Planning & work ongoing.					Emergency Response Plan
		Industrial Unrest	Chief Executive	Current Score	12	Existing Controls
Risk	Industrial action by Council staff, partners or suppliers arises, normally in relation to local or national budget-related changes to terms and conditions, or restructuring.			<div>Likelihood</div>  <div>Impact</div>	Business Continuity Plans	
Potential Effect	Immediate effects on service delivery & those dependent on services, with financial and reputational damage, and residual impact on staff morale & productivity. In case of partners/suppliers may have to support or reduce activity/service delivery.					Local Resilience Partnership
Note	Impact of potential strike action has been mitigated through agreement of national pay awards however locally potential for disengagement, low morale reduced productivity remain a risk which in turn has potential for increased turnover and impact on service delivery.					Trade Union Communications Protocol
		Failure to Prepare for Severe Weather Events	Strategic Director - Place	Current Score	12	Existing Controls
Risk	Inability to respond to severe weather events due to lack of appropriate planning & equipment (e.g. 4x4 vehicles). Most likely flooding from rain/coastal surge, winter weather or heatwave (increasing frequency & severity due to climate change).			<div>Likelihood</div>  <div>Impact</div>	Business Continuity Plans	
Potential Effect	Widespread community dislocation, damage to property, businesses, roads & utility infrastructure (inc. telecoms & power), or inability of staff to get to workplace. Increased workload in numerous services, impact on delivery, reputation & finances.					Local Resilience Partnership
Note	Controls in place for winter- & flood-related threat, proved broadly robust this year, with lessons learnt built into future plans. Reduced staff numbers threatening resilience but 2 community resilience groups now operating in Hillfoots area.					Winter & Flood Management Plan
		Public Health Emergency	Chief Executive	Current Score	9	Existing Controls
Risk	Significant numbers of Council staff and customers become ill due to the occurrence of a public health emergency, such as a flu pandemic, with spread potentially exacerbated through failure to vaccinate or follow hygiene protocols.			<div>Likelihood</div>  <div>Impact</div>	Business Continuity Plans	
Potential Effect	Short- & long-term health implications for public & staff (inc. absence if ill or caring for others). Disruption to support & front-line services, inc. to already vulnerable groups. Consideration required of minimal service provision requirements.					Major Incident Procedures
Note	Scottish government focussing on pandemic flu, with significant training programme planned this year through the NHS.					Pandemic Flu Plan

Appendix B – Annual Statement of Preparedness 2018/19

This appendix provides more detail on Council preparedness to respond to the most significant Emergency Planning/Business Continuity risks.

Risk, Score & Assessment	Impact Category	Consequence Description & Scale		Internal Controls	External Controls
Utility Failure (Loss of Electricity Gas and Water)  16 Developing	Social	<ul style="list-style-type: none"> Service access limitations Loss of Social Media Panic-buying and unrest 	High	<ul style="list-style-type: none"> Business Continuity & Emergency Response Plans, Major Emergency Op. Procedures LRP & volunteer training using Clacks scenarios, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents Power supply backups at Kilncraigs Ongoing work to import other resilient systems through voluntary sector LRP Transport & local fuel bunkering Plan Training and workshops on this topic being run, including for senior staff National Plan at Strategic and tactical level almost complete. For local implementation 	<ul style="list-style-type: none"> Emergency Response, and Resilience & Preparedness Frameworks LRP/RRP Mass Fatalities Framework LRP Public Communications Framework Resilient telecoms work on potential outside systems Scottish Government Resilience Office well practiced in recent events and has experience through FRB closure RRP structure improving mutual aid RRP Developing transport plan Separate RRP workstream on this topic, national plan to be developed Multi-agency work ongoing to minimise impacts Resilient telecoms Plan
	Health	<ul style="list-style-type: none"> Failure of food/fuel supply chain Disruption to care service Hygiene issues from lack of water (or ability to heat) 	High		
	Economic	<ul style="list-style-type: none"> Loss of productivity/ business failure (inc. food outlets > no cold storage) 	High		
	Environment	<ul style="list-style-type: none"> Leaks of damaging products from system loss 	Low		
	Co-ordination/ Communication	<ul style="list-style-type: none"> Collapse of all phone- and internet-based comms at time of high demand 	High		
CONTEST Prepare thread (Anti-extremism)  15 Developing	Social	<ul style="list-style-type: none"> Fear & uncertainty Need for local leadership 	High	<ul style="list-style-type: none"> Business Continuity/Emergency Resp. Plan Major Emergency Operational Procedures LRP & volunteer training using Clacks scenarios, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents Recruitment of Vulnerable Persons Team Power supply backups at Kilncraigs Council GraSP plan, training and cascade of security information to managers and staff New Portal complete Security Plan being worked on Major Security Exercise Border Reiver 2017 Ongoing work to import other resilient systems through voluntary sector 	<ul style="list-style-type: none"> LRP Emergency Response Framework LRP Resilience & Preparedness Framework LRP/RRP Mass Fatalities Framework LRP Public Communications Framework Adoption of Resilience Direct Resilient Telecoms Plans Tried and tested working and exercising Debriefs on 'Move to Critical' even post Manchester bombing Sharing information and good practice with similar agencies
	Health	<ul style="list-style-type: none"> Casualties & fatalities Medical facility capacity 	High		
	Economic	<ul style="list-style-type: none"> Effect on industry/ consumer confidence Disruption of transport/fuel supplies (if Grangemouth) 	Low		
	Environment	<ul style="list-style-type: none"> Permanent loss of facility (if CBRN incident) Council must lead long-term recovery phase 	Low		
	Co-ordination/ Communication	<ul style="list-style-type: none"> Massive requirement for communication with public 	High		
	Co-ordination/ Communication	<ul style="list-style-type: none"> Massive requirement for communication with public 	High		

Risk, Score & Assessment	Impact Category	Consequence Description & Scale		Internal Controls	External Controls
Severe Weather  12 Developing	Social	<ul style="list-style-type: none"> Care and other services Travel dislocation 	High	<ul style="list-style-type: none"> Travel Plan, Business Continuity & Emergency Response Plans, Major Emergency Procedures LRP & volunteer training using Clacks scenarios, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system. Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents Recruitment of Vulnerable Persons Team Use of Voluntary and internal 4x4 teams 	<ul style="list-style-type: none"> RRP Transport plan for Forth bridge LRP Emergency Response, Resilience & Preparedness, Mass Fatalities & Public Communications Frameworks Strong links with utility companies Tried and tested working and exercising LRP Exercise winter 2015 Recent events, such as FRB closure / Snow have provided knowledge & experience of team working and BCM
	Health	<ul style="list-style-type: none"> People cut off from others Loss of utility e.g. power 	High		
	Economic	<ul style="list-style-type: none"> Loss productivity/comms 	High		
	Environment	<ul style="list-style-type: none"> Loss of road access Damage to trees 	Med		
	Co-ordination/Communication	<ul style="list-style-type: none"> Co-ordination issues > loss of web and phone 	High		
Flooding (due to intense rainfall and/or coastal flooding from high tides & tidal surges)  12 Developing	Social	<ul style="list-style-type: none"> Care and other services Property 	High	<ul style="list-style-type: none"> Roads & Flood Management, Business Continuity & Emergency Response Plans, Major Emergency Operational Procedures LRP & volunteer training using Clacks scenarios, and in Airwave Communications Testing of LRP Voluntary Sector Coordinating Group and Single Point of Contact system. Recruitment of Incident Assistance Team from 3 FV Councils for large-scale incidents Recruitment of Vulnerable Persons Team (SW) 	<ul style="list-style-type: none"> LRP Emergency Response, Resilience & Preparedness, Care for People and Communications Frameworks LRP Voluntary Sector Coordinating Group and Single Point of Contact RRP Resilient Telecoms working group Adoption of Resilience Direct LRP Flood plan (focus on fuel supply) Understanding by Flood managers and EP staff of coastal flood causes
	Health	<ul style="list-style-type: none"> Primary Care Casualties or fatalities 	Med		
	Economic	<ul style="list-style-type: none"> Local Economy Business Continuity 	High		
	Environment	<ul style="list-style-type: none"> Damage & clean up 	High		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	Med		
Public Health Emergency  9 Developing	Social	<ul style="list-style-type: none"> Care and other services 	High	<ul style="list-style-type: none"> National Flu Pandemic, Business Continuity & Emergency Response Plans, Major Emergency Operational Procedures Local & national Manager Resilience Training Continual local and RRP vigilance on diseases Exercising in regard to multi agency work - Exercise Coal Tip - March 2016 in Alloa. Recruitment of Vulnerable Persons Team Learning from Snow Events 17/18 	<ul style="list-style-type: none"> LRP Care for People Framework NHS Planning Framework LRP/RRP Mass Fatalities Framework LRP/RRP Communications Framework Scotland-wide 5 month exercise - 'Silver Swan' (2015) and follow-up with outside care providers Animal Health Plans and exercising
	Health	<ul style="list-style-type: none"> Care & Public Health Fatalities 	Very High		
	Economic	<ul style="list-style-type: none"> Business Continuity Impact on local economy 	High		
	Environment	<ul style="list-style-type: none"> Damage & clean up 	Low		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	Very High		
Negative Impact of Climate Change  9 Developing	Social	<ul style="list-style-type: none"> Care and other services Property 	High	<ul style="list-style-type: none"> Sustainability & Climate Change Strategy Local Biodiversity Action Plan Carbon Management Plan & Energy Strategy Flood Management Plan Roads Asset Management Plan Business Continuity Plan Emergency Response Plan Major Emergency Operational Procedures Recruitment of Vulnerable Persons Team 	<ul style="list-style-type: none"> LRP Care for People Framework NHS Planning Framework LRP Emergency Response Framework Resilience & Preparedness Framework LRP/RRP Mass Fatalities Framework LRP Communications Framework LRP Flood plan focussing on Grangemouth and fuel supply Improved staff understanding of causes
	Health	<ul style="list-style-type: none"> Primary Care Casualties or Fatalities 	Med		
	Economic	<ul style="list-style-type: none"> Local Economy Business Continuity 	High		
	Environment	<ul style="list-style-type: none"> Damage & clean up 	High		
	Co-ordination/Communication	<ul style="list-style-type: none"> Public information Multi-agency/central govt 	High		

The Way Ahead

1. Multi-agency sub-group has been established through LRP to identify more efficient and effective processes for partner agencies to identify "persons at risk" focussing on data sharing and data quality. Agreement has now been reached with Forth Valley NHS and the 3 Councils to pre-prepare data for this purpose. Agreement on data sharing from Clacks now with FVNHS awaiting implementation.
2. RRP Resilience and Preparedness Sub-group are reviewing the generic recovery framework following national exercise in 2017 – Border Reiver.
3. Communication Framework being reviewed in light of outcomes from national exercise
4. Clackmannanshire will contribute as a Category 1 member to these national frameworks and continue to review local plans and revise as appropriate
5. A number of Senior Managers have undergone Tactical Managers Training – more to undergo training.
6. Ongoing multi-agency discussion in regard to flood preparedness development in Hillfoots area.

Capability Maturity Levels Defined

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

Additional Information

Given the restructuring of Police and Fire Services in Scotland, the new structures of Local Resilience Partnerships (LRPs) are now well established having locally directly replaced the LRP in Tactical matters. The Forth Valley LRP has now met for real in numerous situations and by teleconference for others. Whilst the member organisations which constitute category 1 responders remain as before geographical and administrative changes to structure and deployment are being implemented. The larger Regional Resilience Partnership is still developing although its work streams are well established and give a wider area view on developments and processes.

EU Withdrawal

There are limited updates to this Statement from the 2017/18 position, as virtually all resilience work has focussed on preparing for the UK's withdrawal from the European Union (see EU Withdrawal risk in Appendix A). Given the fluctuations at a national level, preparations have been changeable and challenging due to the lack of clarity. Work has focussed on a 'reasonable worst-case scenario' to ensure all eventualities are considered, as well as 'layering' of events, i.e. multiple risks occurring simultaneously and exacerbating each other.

On the basis of national planning assumptions, work progresses at a local, regional and national level, including with the Scottish Resilience Partnership. The Council has established Corporate EU Exit and Core Officers Resilience groups, identified strategic, tactical and operational leads for planning and response, and provided updates via Resilience Direct. A 'Brexit Barometer' informs Agency Reports to the Scottish Government and Brexit Co-ordination Centre, providing a summary of internal, region-wide and broader community metrics and issues.



Our local risk assessment has been submitted, with information gathered to assess, prioritise and identify mitigating actions for key risks around workforce, returnees, public unrest, goods, services, supply chains (including food, fuel and pharmaceuticals), transport, imports, funding, etc. Council services have been advised to review Business Continuity Plans, and briefing sessions and reports have been provided for internal management and Elected Members. The Council will continue with preparations and participation in multi-agency planning meetings, events, exercises and teleconferences, and will provide further updates when possible.

Appendix C - External Audit Actions



Audit of 2017/18 Accounts by Audit Scotland

Overall Progress 74%

From External Audit Final Report to Members on the 2017/18 Audit, to Clackmannanshire Council on 27-Sep-2018.

Submission of Financial Statements for Audit				Chief Finance Officer			EXA 178 001	
Observation	This was a transitional year in terms of the form and content of the annual report and accounts and coincided with changes in the staff involved in their preparation. We noted several presentational and disclosure issues which in our view could have been identified by a more comprehensive review before submission for audit. In addition, the working papers provided to support the financial statements were incomplete							
Risk	Poor quality and inaccurate financial statements are presented for audit and to councillors							
Recommendation	The council should review its arrangements for preparing the financial statements to ensure their quality and accuracy							
Progress	<div><div></div></div> 100%	Status		Expected Outcome		Due Date	31-Mar-2019	
The timing of a number of key staff departures left the finance team on a steep learning curve for the year end. A number of learning points have been recorded from the process and these have been implemented for the 2018/19 accounts including earlier planning, a review of task allocation & timescales, reviews of working papers and weekly progress meetings.								



Assets Under Construction			Chief Finance Officer			EXA 178 002	
Observation	Our audit testing identified that the council has misclassified several assets as assets under construction in the financial statements. Construction of these assets was completed in previous years and some of the assets had been sold. Weaknesses in communication between the council's estates and finance teams meant that the council's fixed asset register and financial ledger had not been updated to reflect these changes. As a result, assets with a total value of £4.6million were incorrectly disclosed as assets under construction in the accounts presented for audit						
Risk	The Council is not aware of changes affecting its assets which results in errors in the financial statements						
Recommendation	The council should ensure there is clear and regular communication between the finance team and other service areas, particularly during the financial statements preparation process.						
Progress	<div><div>100%</div></div>	Status	<div><div></div></div>	Expected Outcome	<div><div></div></div>	Due Date	31-Mar-2019
With the loss of the only Council surveyor and the Capital Investment Group ceasing, communications did fail. A new Capital Operations Group has now been implemented, with communication and joint working now in operation. This has occurred before the audit commenced.							

Capital Programme				Chief Finance Officer			EXA 178 003	
Observation	The council's trend of capital underspending continued in 2017/18 with an underspend of £10.1 million on the capital programme which represents 52% of planned spending. The capital programme is a major part of the council's plans to achieve savings and improve services. It mainly includes major infrastructure projects that will help the council to deliver services more efficiently. There is a risk that recurring underspending leads to slippage in the capital programme which will affect the council's ability to achieve these aims							
Risk	Recurring underspending leads to slippage in the capital programme which affects the council's ability to achieve savings and improve services							
Recommendation	The council should press on with work to improve the management of its capital programme							
Progress	<div><div>40%</div></div>	Status		Expected Outcome		Due Date	31-Mar-2019	
The capital planning priorities are currently under review as the new Strategic Directors begin to review their budgets and long-term capital plans. These are being aligned with the draft Corporate plan and LOIP outcomes. A capital strategy will be produced which will set out the vision and context for these plans. Elected members and the Capital Operations Group will be actively involved in scrutinising the Capital Strategy, related Asset Plans and spend against the agreed programme.								

Budget Scrutiny			Chief Finance Officer		EXA 178 004	
Observation	While the council received the unaudited accounts for 2017/18 in June 2018, management did not prepare a final outturn report for councillors setting out details of the financial performance of the council in 2017/18. In contrast to previous years, this means that councillors did not have the opportunity to scrutinise the financial performance of individual services in 2017/18 and investigate the reasons for significant revenue and capital over and underspends. The council's performance in achieving agreed savings was also not reported. This is a significant omission which management has informed us was due to changes in personnel in the finance team.					
Risk	The council's finances are not adequately scrutinised and services are not held to account for their spending					
Recommendation	The council should review its year end budget monitoring arrangements to ensure councillors have the information and opportunity to scrutinise the council's finances					
Progress	<div><div>100%</div></div>	Status		Expected Outcome		<div>Due Date</div> 30-Jun-2019
The timetabling of Committee meetings meant that the first opportunity to report the year end draft outturn would have been June, at which, the draft final accounts were also being presented. For 2018/19 a draft outturn will be presented to the June 2019 Audit Committee.						

Financial Management Capacity			Chief Executive			EXA 178 005	
Observation	Since May 2018 the section 95 officer has been the Interim Chief Accountant. The Interim Chief Accountant has direct access to the Chief Executive and is a member of the extended senior leadership group. In this report we have highlighted that the council could improve the quality of its unaudited financial statements and working papers, and its year-end budget monitoring arrangements. We accept that these issues may reflect the impact of recent management changes on the leadership and capacity of the finance team and may only be temporary. We are also aware that vacancies and staff absence in other services have also made it more difficult for finance staff to get information needed to prepare the financial statements. Nonetheless, in view of the council's acute financial position we believe that it is important to highlight this potential risk in this report to the council						
Risk	The finance team does not have sufficient leadership and capacity to support effective financial management						
Recommendation	The council should ensure that the actions it is taking secure the leadership and capacity in the finance team to support effective financial management						
Progress	<div><div>100%</div></div>	Status		Expected Outcome		Due Date	31-Mar-2019
A permanent appointment to the role of Chief Finance Officer (Section 95 Officer), Senior Service Manager (Partnership & Performance). This post, incorporates both the statutory S95 role and strategic leadership of the Finance service, and is a member of the Extended Strategic Leadership Group, along with the Chief Executive, Strategic Directors and other statutory posts.							

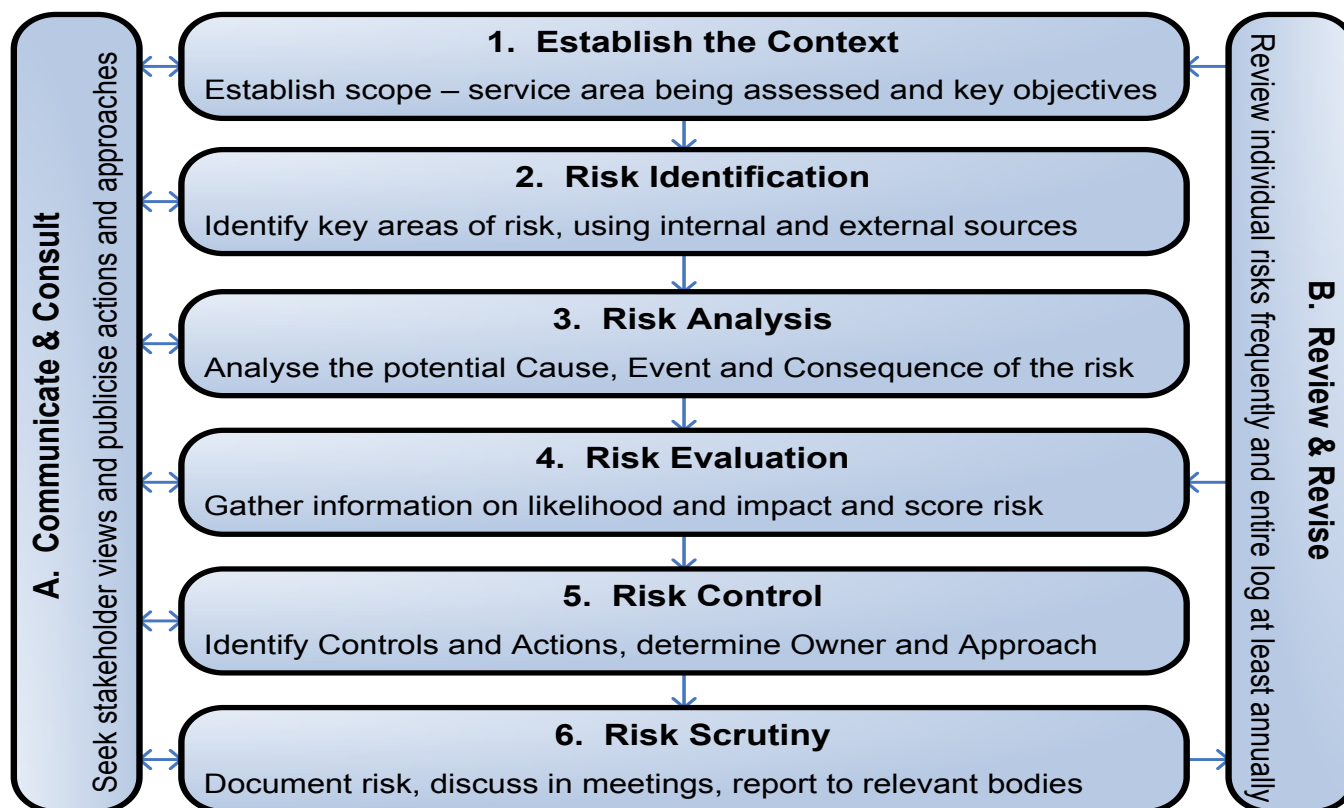
Savings Plans			Chief Finance Officer		EXA 178 006	
Observation	The council knows it needs to continue to find and achieve savings, particularly given its low level of available reserves. It agreed a new strategic model for providing services in March 2017. The new model focuses on greater integration of services, with new ways of working across departments. The council aims to generate savings by reducing the level of resources required to deliver services. Senior councillors and chief officers are working together to identify savings priorities which will form the basis for savings plans for 2019/20 and beyond. The council will need to make difficult decisions to achieve financial balance in the medium term.					
Risk	The Council is unable to deliver priority services					
Recommendation	The council should build on work underway to develop savings plans to address the substantial funding gaps it has identified in each of the next three years					
Progress	<div><div>50%</div></div>	Status	<div></div>	Expected Outcome	<div></div>	<div>Due Date</div> 31-Mar-2019
A balanced budget has been set for 2019/20 with c£1m of savings approved for future years. The experience of recent years will now ensure that timescales are more realistic and a Change Management Board has been created that will identify and develop business cases for savings proposals that will be consulted on and approved during the year.						

Organisational Change & Transformation			Chief Executive			EXA 178 007	
Observation	The council has started work to address the recommendations of the BVAR. It is implementing new management and committee structures and is taking steps to introduce a programme management function. The next stage to review services to determine the level at which they are most effectively and efficiently delivered is underway. The council now needs to build on this work and take the next steps required to translate structural change into savings and new ways of working that will improve its financial position. The 2019/20 budget will be a crucial test of the council's ambition for transformational change.						
Risk	The council does not make the transformational change necessary to secure its financial position						
Recommendation	The council should build on work already underway and take the next steps to secure the changes needed to address its acute financial position						
Progress	<div><div>33%</div></div>	Status		Expected Outcome		Due Date	31-Mar-2019
New committee structures have been in place since August and the Scheme of Delegation and Standing Orders will be revised following approval of the new structure. The Chief Executive and 3 Strategic Directors are in post, statutory roles have been appointed to and senior manager posts are being finalised. This includes the recently appointed Programme Manager (as part of proposals agreed by Council in August) who will be closely involved in the 2020/21 budget process. In advance of this appointment, a new Corporate Plan has been approved, and the Strategic Leadership Group and Service Managers' Forum are considering options for service redesign and alternative delivery methods in line with the corporate priorities.							



Appendix D – Clackmannanshire Council Corporate Risk Management Guidance

This guidance provides information on key considerations for each step in the Risk Management process (below).



A. Communicate & Consult

Two-way communication is important to every step in the risk management process to ensure the right information is gathered and people are aware of action to be taken, and why. **Staff members (at all levels), other teams/services/organisations, members of the public/ community groups, elected/board members, senior management and central support teams** can all contribute and/or benefit from others' knowledge. Different groups will have different perspectives and experience of practical, operational and strategic issues.

Different stakeholders can improve efficiency and effectiveness by **providing data, information and knowledge** to clarify areas of uncertainty. Others can provide insight into issues they've **identified** or **dealt with** or **solutions** they've found, and resource requirements can be minimised by **sharing information, experiences and controls**. If procedures are put in place to control risks, it's also highly important to communicate **what they are**, the **reasons** for them being put in place and, therefore, why it's important that they're **adhered to**.

B. Review & Revise

Risk management shouldn't be seen as a one-off, or even annual, task. The nature of risks, progress and the effectiveness of controls can change in a short period of time. It's therefore recommended that **key risks are discussed on a frequent basis** to ensure that developments are recorded, and the relevant people aware. If risks are reviewed **proactively**, more frequently than they're reported, updates are available when required, rather than being rushed as part of the reporting process. As well as focussing on the risks already identified, it's also important to review the entire log, at least annually, and **re-assess whether these are still the key risks**.

1. Establish the Context

There can be a temptation to just list everything that could go wrong, but this can be unproductive. The vital first step is to **clarify the scope** of the exercise - always **focus on objectives**. An organisational model can be a useful tool (templates available from Strategy & Performance). Having a **concise summary** of the team or service will focus discussions and, as no completely systematic process can be used, should assist in ensuring all relevant aspects are considered. Risk management can only ever be a **'point in time' assessment** and, though it must involve projection, looking too far into the future can introduce too many uncertainties and be detrimental. It should, therefore, be kept as **simple as possible** by looking solely at **goals within a set time period** (such as a single year).

2. Risk Identification

Steps 2, 3 & 4 form the risk assessment itself, and identification can often be the most difficult step, partly because there can be **no set process** for this. Often risk logs (or profiles/registers) are developed purely by reviewing previous logs and, though this can also be useful, it is unlikely to identify **new and emerging risks**. Logs from other **internal and external sources** can also be a useful stimulus but a risk should only be identified as relevant if it is likely to have a specific impact on the stated goals.

Many different **methodical** or **ad hoc** processes can be used to identify risks - **brainstorming**, **facilitation** by an external party, or **self-assessment** can all be useful. A **PESTELO** analysis can assist in working through the Political, Economic, Social, Technological, Environmental, Legal and Organisational implications of an objective. External sources such as other Councils, partner organisations and audit bodies can also assist in risk identification.

3. Risk Analysis

It's common for risks to be identified and documented without the **details and dependencies** being considered fully. Many 'risks' found in the Identification stage will actually be Causes, such as 'demographic changes' or 'lack of resource' but we must focus on how that will affect us achieving goals.

The key areas to be developed at this stage are:

Cause	The source or trigger of a risk. Risks generally originate from wider issues in the internal or external environment, often outwith our control. Examples are: climate change, aging population, legislative changes or organisational change. The cause is not the key focus of the risk .
Event	How the cause specifically affects us. This may be a single point in time, such as staff not delivering services (cause: industrial action), or it may develop more gradually, such as inability to meet increasing demands (cause: reduced budgets). Several events may arise from the same cause (e.g. the financial crisis may also cause budget overspend or reduced staff numbers).
Consequence	The result of the event occurring. This should be more specific than 'inability to deliver on objectives' but needs to consider which objectives - will they not be delivered at all, or just less effectively, etc.? As much detail as possible should be given on the stakeholders and services affected, and the potential extent of reputational, legal or financial implications.

4. Risk Evaluation

At this point, as many elements should be **clarified**, or even **quantified**, as possible to better understand the **nature and extent** of the risk. While, again, there are no entirely scientific methods for evaluation and scoring, it should be **evidence-based**, where possible, and take into account as much management, organisational and environmental information as possible.

Evaluation should include looking at:

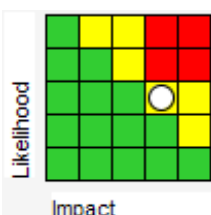
The past	Has it happened before? Was it managed effectively?
The present	Are similar circumstances developing? How are others managing it?
The future	Do projections suggest it will happen again in the near future?
Organisational changes	Will changes to leadership, policies or resources affect the risk?
External changes	Are there national initiatives? Are there legal factors to consider?
Relevant actions	Will current projects and initiatives increase or decrease the risk?
Performance indicators	Is the risk occurring? Are we managing it effectively?

Scoring (or rating) quantifies the **likelihood** of a risk occurring and the **impact** if it does occur and can be used as a very high-level summary of the **severity** of a risk. Scores should also be rationalised and **compared with each other** as there is a subjective element to scoring and they should be checked to ensure scores reflect the relative severity of different risks. See step 6 for definitions of the 3 different types of risk score.

Likelihood	1. Unlikely	Little evidence that the risk is likely to occur
	2. Possible	Fairly low chance of the risk occurring
	3. Quite Possible	Reasonable chance of the risk occurring
	4. Likely	Strong chance of the risk occurring
	5. Very Likely	Fairly certain that the risk will occur, or has already occurred

Impact If there are several different potential impacts, use the score for the most severe.

Score	Finance	Reputation	Harm	Disturbance	Audit/Legal
1 Slight	Up to £10k	Managed incident, no customer impact but in the public domain	Single minor injury or illness	Minor disruption to one service	Query from audit body or mention in Shared Risk Assessment
2 Minor	£10k to £500k	Local media interest and/or customer complaint	Multiple minor or single serious injury or illness	Minor disruption to multiple services	Negative audit/inspection report
3 Moderate	£500k to £1m	Regional (central Scotland) media interest and/or multiple customer complaints	Multiple serious injuries or illnesses	Serious disruption to multiple services and/or some loss of service	Follow-up action or repeated negative audit/inspection reports
4 Significant	£1m to £5m	National media interest and/or serious loss of confidence	Death	Major disruption and/or loss of multiple services	Legal action
5 Extensive	Over £5m	Major national media interest	Multiple deaths	Extended loss of service	Legal action from multiple sources



The overall risk score is the likelihood score multiplied by the impact score. In this example, impact = 4 and likelihood = 3, so $4 \times 3 = 12$, therefore the rating is 12 and the status is amber. The highest possible rating is $5 \times 5 = 25$.

As risk logs need to focus on the **most significant risks**, it's common for there to be more amber and red risks than green. If a risk is green, consideration should be given to whether it's **significant enough to be included** (unless we need to **demonstrate** that it's been assessed).

5. Risk Control

Once the risk has been evaluated, existing **Internal Controls** must be identified. These controls may be strategies, processes, arrangements, procedures, etc. that mitigate the risk to some extent by reducing either the likelihood of it occurring or the impact if it does occur. In most areas of risk we'll only be able to influence one of these factors but in some cases controls can influence both likelihood and impact. For example:

- Failure to prevent harm to individuals - the impact of this could be significant in many different respects so our efforts must focus on **preventative** controls,
- Severe weather events - here, the Cause is outwith our control so the actual risk is failure to prepare and we can only look at planning to limit the **consequences** when it occurs,
- Flu pandemic or Strike action - in these situations we can look **both** at preventative actions to reduce the likelihood but also use Business Continuity Plans to reduce the impact.

As well as existing controls, there may also be **planned actions** already scheduled or in progress that will reduce the risk. Once controls and actions are identified, the risk should be assigned an **owner** who can make decisions around **appetite (or tolerance)**, weigh up **opportunities** against risks and identify the **approach** to be used. It's important to be risk **aware**, rather than risk **averse**, as we would miss opportunities if we don't take risks. Though the identified owner is not final (as risks can be escalated and demoted), it's important that they have an appropriate **remit, resources and authority** to manage the risk and ensure that treatment actions are completed, where appropriate.

There are 4 different **Approaches** that can be used to manage risks:

- Treat** - take action to reduce the likelihood or impact of a risk occurring,
- Transfer** - pass the risk to another party, such as through insurance,
- Terminate** - stop the activity that is causing the risk,
- Tolerate** - continue monitoring once reasonable actions within our control are complete.

Examples where risk appetite and prioritisation must be used:

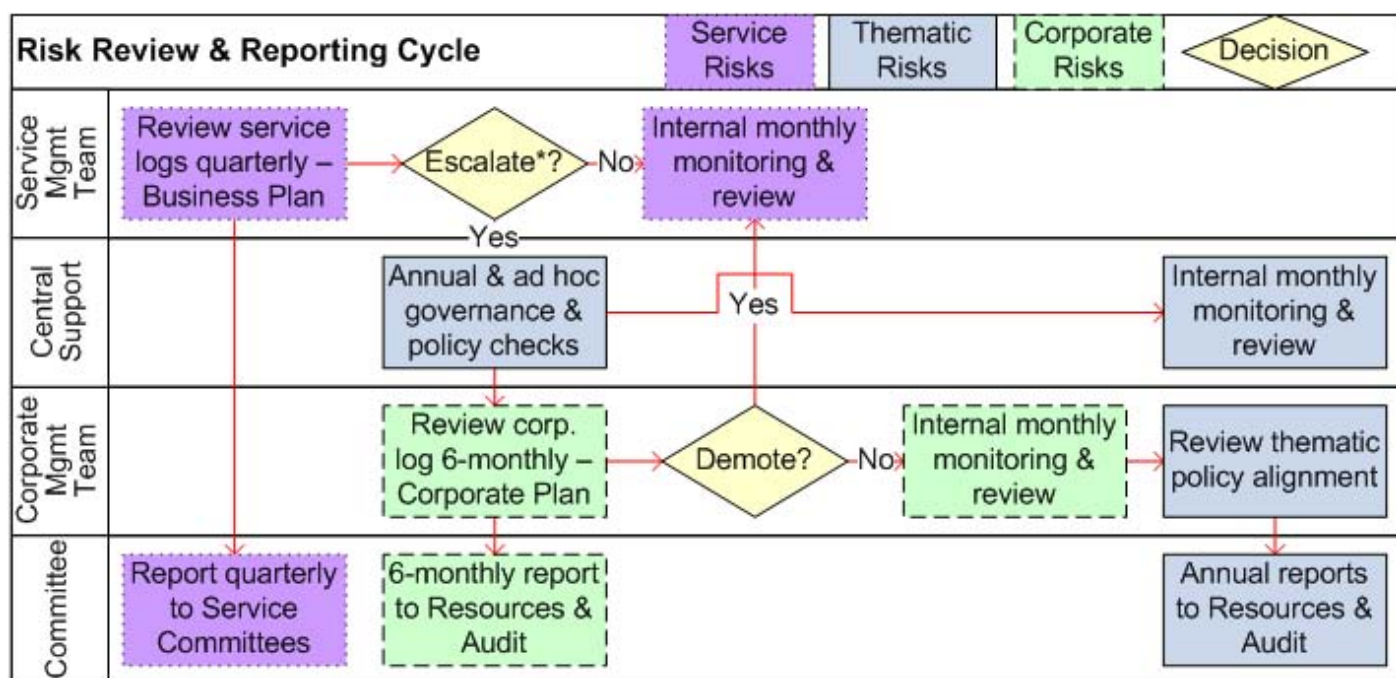
- Financial management** Short term efficiencies or 'spend to save' investment?
- Legislative changes** Resource for training/process changes or statutory breach?
- Statutory vs preventative** Statutory timescales or more frequent for early identification?
- Procurement** Best functionality, maintenance, customisation, price, etc.?
- Balancing rights** Protecting individuals or communities, or both?
- Satisfaction vs efficiency** Channel shift to cheapest option or offer range of options?

6. Risk Scrutiny

Details to record on the Pentana Performance Management System, and the reporting cycle are shown below. Risk logs should be reviewed frequently and the hierarchy should be used to escalate and demote risks. This may depend on the owner's ability to manage the risk, or if the nature (or understanding) of the risk changes. As well as specific risks and logs, our risk management processes are assessed via internal and external governance processes.

Risk Recording on Pentana

ID (Code)	The unique reference for the risk, assigned by Pentana service superusers
Title	Short (3 to 5 word) name for the risk, focusing on the Event (see section 3 above)
Description	An expanded version of the title, stating Cause and Event and giving more information on how the risk could come about and likelihood of occurrence (see section 3 above)
Potential Effect	Possible Consequences or impact - stakeholders or service areas that could be affected, to what extent, secondary implications – legal, reputation, etc. (see the Impacts table in section 4 above – this information's shown on the system when assessing a risk)
Approach	Treat, transfer, terminate or tolerate (see 5 above)
Related Links	Outcomes/Objectives (through Scorecards), Actions, Internal Controls and Indicators. If Treat - must have actions, if Tolerate, must have Controls.
Latest Note	Brief summary of progress where the approach is Treat (otherwise optional)
Score (Rating) (determines Status)	Quantification of the risk's severity (see section 4). Original Score with no controls ('gross' score), to show progress to date Current Present position, including controls and completed actions Target Risk appetite - the score required for us to Tolerate the risk
Reviewer (Owner)	Person responsible for managing the risk, identifying the approach, providing updates and escalating/demoting between risk logs as appropriate



*Does the risk have a corporate impact? Does it affect multiple services? Does it require consistent management across the Council? Is it significant (red) for any individual service? Does the owner lack the authority or resources to manage the risk? If yes, consider escalating to a higher-level log (from team to service, or service to corporate).

Report to	Audit Committee
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Date of Meeting:	20th June 2019
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Subject:	Health & Safety Annual Report
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Report by:	Strategic Director – Partnerships & Performance
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1.0 Purpose

- 1.1. This report provides the 2018/19 annual report on Health & Safety performance across the Council and sets out a plan of work in this area for the coming year.

2.0 Recommendations

- 2.1. That Committee notes the report, commenting and challenging as appropriate.

3.0 Considerations

- 3.1 The Council has a legal duty to ensure the health and safety of the staff it employees and anyone who comes into contact with the services we provide. As well as ensuring no person comes to harm, this also helps prevent loss or damage to property, disruption due to incidents and claims being made against the Council.
- 3.2 In 2016 an audit of Health & Safety management was undertaken by the Council's Insurers Gallagher and Bassett. This outlined a number of issues which required action to address. Good progress is being made with this and regular updates are provided to the Senior Leadership Group and Tripartite.
- 3.3 Significant work has been undertaken over the last year to improve the health and safety culture across the organisation and the report provides detail of this activity and performance measures.
- 3.4 However, there is still work to be done to ensure the Council fully meets its legal obligations. The report also sets out a plan of work for the 2019/20 financial year to ensure that progress continues.

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	<input checked="" type="checkbox"/>
Our families; children and young people will have the best possible start in life	<input checked="" type="checkbox"/>
Women and girls will be confident and aspirational, and achieve their full potential	<input type="checkbox"/>
Our communities will be resilient and empowered so that they can thrive and flourish	<input type="checkbox"/>

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

Health & Safety Policy

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:** Health & Safety Annual Report


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
Seonaid Scott	Health & Safety Adviser	2174

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director – Partnership & Performance	



Health and Safety

Annual Report 2018–2019

Be the
Future

Be the Future

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1. INTRODUCTION

1.1 Aims and Objectives

In order to manage Health and Safety (H&S) effectively, it is essential to carry out and report on periodic reviews of H&S performance. This report aims to provide senior management and Elected Members with insight into the deployment of H&S across the Council in order to assess performance. Management information is included for the period between 1st April 2018 and 31st March 2019. Information relating to the use and performance of the Occupational Health contract is also considered.

The report also provides information on H&S risks and any enforcement action / Health and Safety Executive (HSE) involvement where the effectiveness of internal controls and H&S risk management have not achieved their intended aim(s).

The Council uses the system set out in the HSE publication *Managing for Health and Safety (HSG65:2013)* as the basis for its H&S Management System. This is based on principles of Plan, Do, Check and Act which are common to many management systems.



The ultimate objective of this report is to monitor performance and to provide an indication of the level of assurance on the achievement of statutory compliance.

1.2 H&S Team goals

The H&S Team aims to ensure, as far as is reasonably practicable, that Council business is conducted and services are delivered without causing harm or ill health to our staff, or any others affected by our activities. Advice provided on the management of H&S will be reasonable, proportionate to the level of risk and benchmarked with similar organisations. The team also manages the Council Occupational Health Services contract. The H&S service contributes to maintaining a healthy workforce, improving efficiency, reducing costs and claims, managing risk and reducing absence.

The central H&S Team satisfies the statutory requirement to appoint an adequate number of competent persons to assist the Council to comply with its legal duties, without removing the direct responsibility on Services to assess risk and operate in a safe manner.

2. EXECUTIVE SUMMARY

Highlights from the broad range of work undertaken from the period 2018-19 include:

- Compliance with a Notice of Contravention on Traffic Management at Forthbank Home Waste Recycling Centre,
- Development or review of 14 policies,
- Completion of 2517 Health and Safety training activities,
- Completion of General Health & Safety Audit visits to 61 Council properties,
- Completion of 755 Health Surveillance checks with significantly improved attendance rates,
- Support provided through 414 contacts with PAM Assist and 14 referrals to Physiotherapy,
- Completion of the analysis of 70 Stress Risk Assessments.

All of the above support the Council in achieving statutory compliance and enhancing the health, safety and wellbeing of staff.

3 PERFORMANCE - H&S MANAGEMENT SYSTEM

3.1 Key Performance Indicators

In March 2018 a set of Key Performance Indicators were agreed for Health and Safety Performance across the Council.

Objective	Description	Measure	2018/19 Actual (%)	2019/20 Target
Monitor and review risk assessment programmes	Monitor the implementation of risk assessment procedures	Number of assessments completed against the number expected as a %	Compilation of data not possible	70%
Ensure effective communication of Policies and Guidance	Measure of how well policies have been disseminated through the organisation	Number of employees receiving a toolbox talk on new H&S policies expressed as a % of those who should have received such a talk.	H&S – 17.1 Risk – 6.9 CDM – 3.6 Accident- 1.4 Asbestos – 1.5 Contractors – 0.6 Fire – 1.5 LOLER – 1.1	90%
Ensure employees have completed basic H&S training recently	Measure of implementation of core H&S Training (H&S Intro, Electricity, First Aid, Fire, Slips & Trips MicroLearn or Toolbox Talk)	Number of employees completing core H&S Training (refreshed each year) expressed as a % of total number of employees	H&S – 9.9 Electricity – 2.9 Fire – 6.2 First Aid – 3.3 Slips – 3.3	90%
Ensure appropriate controls are in place to protect employees from violent behaviour	Measure of the number of violent incidents experienced by employees	Number of violent incidents to employees expressed as a % of the overall number of employees.	3.14%	5%*
Ensure Incidents are reported promptly	Measure the implementation of accident reporting procedures	Number of incidents reported within 5 working days expressed as a % of incidents reported.	82.2%	90%
Ensure Health Surveillance is carried out in line with statutory requirements.	Monitor implementation of the health surveillance programme	Number of HS appointments attended expressed as a % of the number of appointments offered by OH.	86.1%	90%
Ensure that Health & Safety is embedded throughout the organisation	Monitor how well employees feel health and safety is being managed using an HSE tool	Score out of 100 provided.	No data available	60

*This is set at a higher figure because there is evidence that violent incidents are significantly under reported, with some employees seeing this as “part of the job”.

Significant work is ongoing to work towards these targets but better engagement with the services is required to enable these to be met.

3.2 Statutory Breaches & Enforcement Action

a. HSE Inspection – Forthbank Home Waste Recycling Centre

Statutory breaches were identified following a proactive inspection by HSE Inspector looking at H&S issues in the Waste industry. The site had come to their attention due to an incident reported to them.

The HSE investigation resulted in a 'Notice of Contravention' letter. The Statutory breach identified was:

- The Council are failing to ensure that their site is organised in such a manner that pedestrians and vehicles can circulate in a safe manner as required by the Workplace (Health, Safety and Welfare) Regulations 1992, Regulation 17(1)

This attracted a Fee for Intervention but as yet the invoice has not been received. The fee is likely to be under £1000. Had work to improve the situation not already been planned it is likely that we could have been prosecuted with a minimum fine of £20,000.

3.3 Significant Incidents/Accidents

During 2018/19 there were no full HSE investigations following the reporting of accidents under the RIDDOR Regulations, although further detail was requested on the incident detailed in b. below. Police Scotland investigated the incident in a. below and a report was submitted to the Procurator Fiscal. Other significant accidents are detailed below.

a. Refuse Collection vehicle – overturn on approach to Polmaise Waste Transfer Station

On 7th May 2018 a refuse collection vehicle overturned on the approach road to Polmaise Waste Transfer station. The crew were evacuated with some minor injuries, but there was significant damage to the vehicle. The incident was investigated and recommendations were submitted. In addition, the police investigation lead to a report being submitted to the Procurator Fiscal in relation to the driver of the vehicle.

b. Craigbank Garages – discovery of Asbestos

On 6th July 2018 three employees from Land Service were demolishing wooden garages at Craigbank when they discovered asbestos within the debris. Due to holidays, a number of key people were not available and there were questions about action taken by several key people. The incident was investigated and recommendations were submitted in relation to the management of asbestos and control of projects under the Construction (Design and Management) Regulations.

c. Forthbank HWRC – vehicle reversed over member of the public's foot

On 20th September 2018 a JCB loader reversed away from a skip and ran over the foot of a member of the public who was using the neighbouring skip causing crush injuries to the foot. The incident was investigated and recommendations were submitted.

3.4 Accident Data

Table 1 below summarises the accident data for employees for the financial year 2018/19, previous years are included for comparison. Due to capacity issues within the H&S team no statistics are available for incidents to service users or other members of the public although records are held.

TABLE 1 - COUNCIL ACCIDENT STATISTICS – 2016/17, 2017/18 and 2018/19			
Number of Reports	2016/17	2017/18	2018/19
Staff	357	359	187
RIDDOR (HSE) reportable accidents within the above			
Staff	19	14	16
Staff accident incidence rate (AIR) Total riddor reportable x 100,000 / FTE employees.	19 x 100000 / 2047 =928	14 x 100000 / 2034 = 688	16 x 100000 / 1961 =816

There has been a significant reduction (48%) in the number of incidents reported by staff in the most recent year. Table 2 illustrates that this reduction is across all services areas and is possibly due to under reporting rather than a significant increase in the safety culture in the organisation, as the nature of incidents reported remains similar.

TABLE 2 - COUNCIL STAFF ACCIDENT STATISTICS - by Directorate												
	D&E		Edu		H&CS		R&G		Soc		S&CS	
	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19	17/18	18/19
Non RIDDOR	46	24	193	85	63	29	5	3	27	26	10	3
RIDDOR	5	7	3	4	4	4	1	0	1	0	0	1
Total	51	31	196	89	67	33	6	3	28	26	10	4

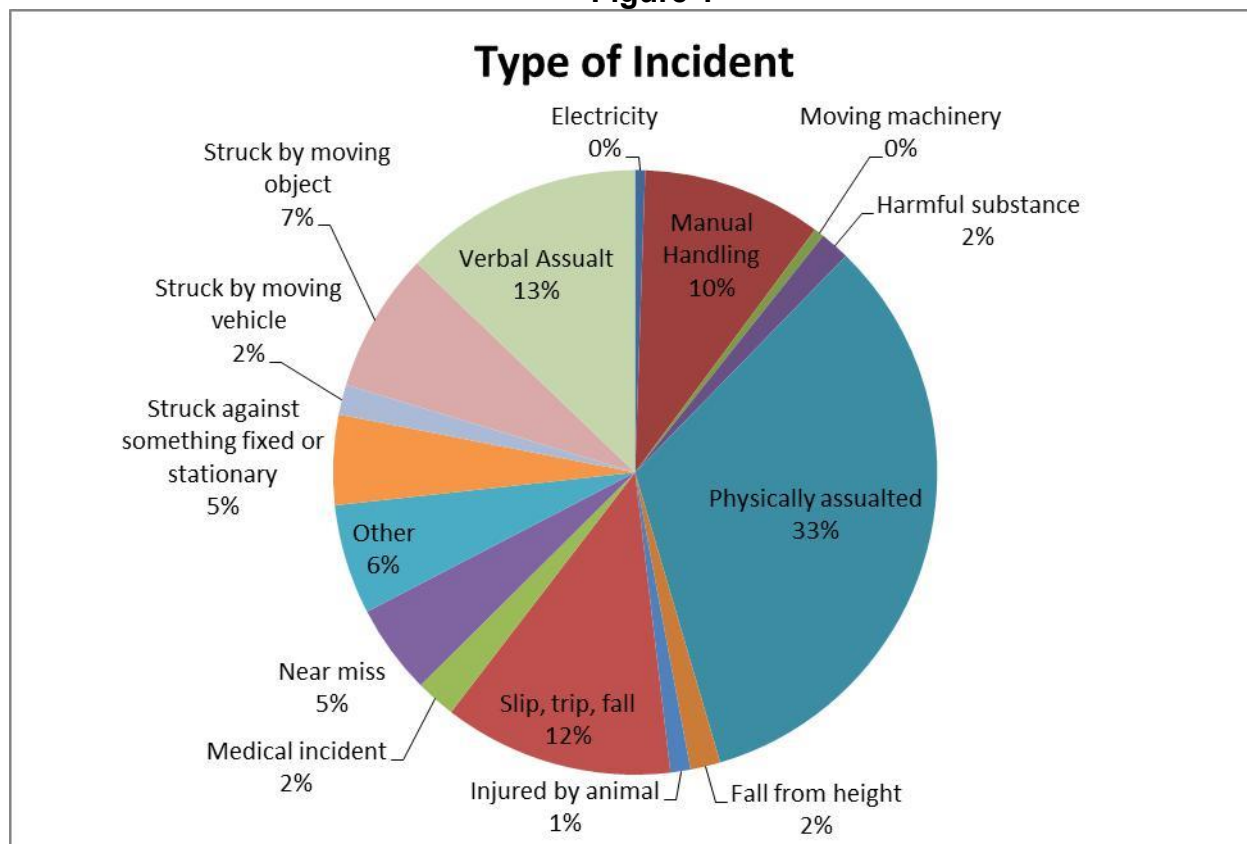
All accident reports are scrutinised by the H&S team and action taken where required in the identification of trends and the provision of recommendations in order to prevent a reoccurrence. Itrent, the Council's Human Resource Management System, is now embedded as the tool for recording accidents and developments are taking place to allow employees to enter information onto iTrent directly.

Serious incidents, including accidents resulting in significant injury and staff absence from work, must be reported to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013. 16 accidents involving staff were RIDDOR reportable and 3 for non staff. These figures have remained fairly static over recent years.

The number of RIDDOR reports for staff is benchmarked with 11 other Scottish Local Authorities using the Accident Incidence Rate (AIR - RIDDOR reports per 100,000 FTE). This shows that the accident rate reported for Clackmannanshire Council is consistently higher than other Local Authorities. However, there are increasing differences between the services being offered by each Council which makes comparison difficult.

Figure 1 displays accident types 2018/19 for staff. The top 3 accident types for staff were physical assault 33%, verbal assault 13% and slips trips and falls 12%. This is similar to previous years. A revised Personal Safety & Lone Working policy and Slips, Trips and Falls policy are being developed to help address this.

Figure 1



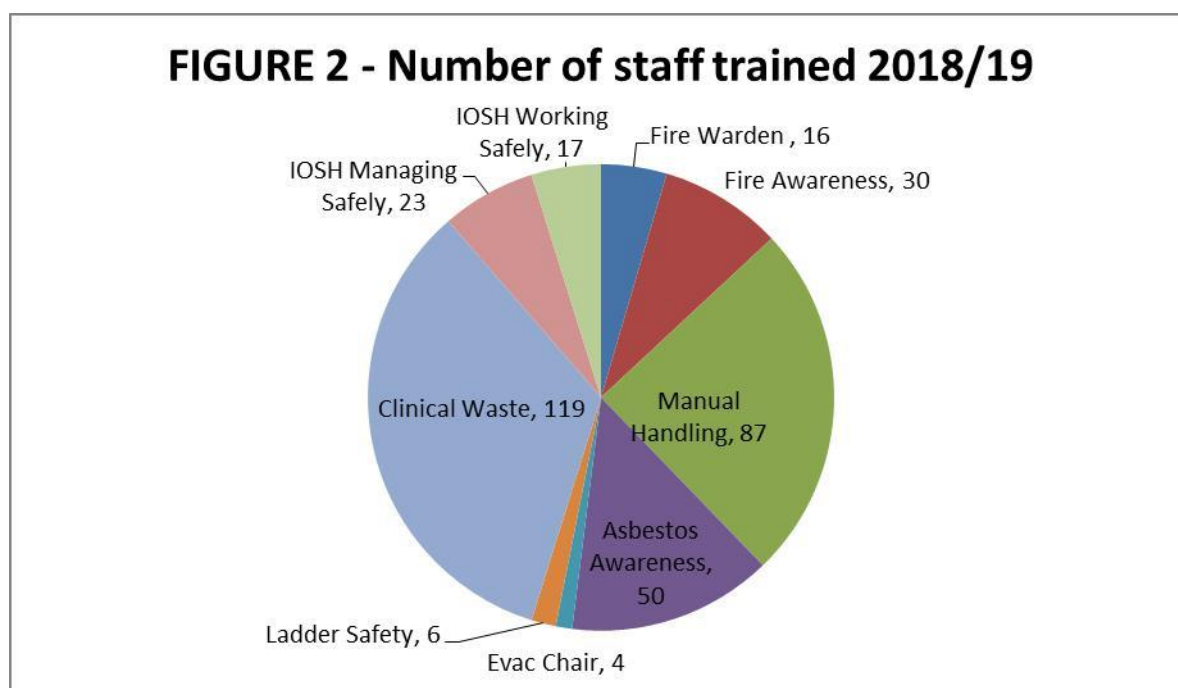
3.5 Audits

A programme of general Health & Safety Audit visits to 105 identified Council properties commenced in October 2017. These are believed to be the properties where the Council maintains the responsibility for safety and upkeep of the building. 61 buildings (58%) have been visited. 5 buildings have been removed due to changes in their ownership, so 39 buildings remain. All visits are due to be completed by December 2019. Basic Health & Safety management arrangements are in place for most buildings, although some issues with the building fabric are now being addressed by the Planned Works & Compliance Team.

In addition to this the Health & Safety Officer (Place) completed a number of visits to worksites where employees are working. The main issue raised in these visits was been failure to wear Personal Protective Equipment (PPE). A revised PPE policy has recently been introduced to address this.

3.6 Training

H&S training plays a significant role in reducing overall H&S risk. Figure 2 details the attendance at H&S training courses organised by the H&S Team during the financial year 2018/19. There were 352 attendances by staff on the centrally organised courses.



*the above includes only the H&S courses organised by the Corporate H&S team. Other courses are organised at service level including first aid and other topic specific courses i.e. ladder safety etc.

The IOSH Working Safely and IOSH Managing Safely courses were supported by funding through the Flexible Workforce Development Fund. This is also supporting City & Guilds Education & Training courses and NEBOSH Certificate in Occupational Safety and Health qualifications which will take place within the 2019/20 financial year.

A growing number of courses are being run as e-learning, allowing employees to choose where and when they access the course. Table 3 shows the number of employees completing key courses in 2018/19. These were deemed to be mandatory courses for all employees.

TABLE 3 – H&S E-learning – 2018/19		
Course	No. completed	No. in progress
H&S Intro	248	63
Electricity	74	7
First Aid	84	18
Fire	153	23
Slips & Trips	74	7
Total	1233	118

In addition, Toolbox Talks have been developed for H&S policies which have been created or reviewed. Table 4 shows the number of employees who have received these in 2018/19. The KPI data above shows this as a percentage of the workforce.

TABLE 4 – H&S Toolbox Talks – 2018/19	
Toolbox Talk	No. completed
H&S Policy	471
Risk Assessment Policy	192
Fire Safety Policy	41
Construction (Design & Management) Policy	100
Accident Reporting & Investigation Policy	38
Management of Asbestos Policy	42
Management of Contractors	19
Lifting Operations and Lifting Equipment Policy	29
Total	932

This confirms that there is much work to be done to ensure that H&S policies are understood by employees.

A Training Needs Analysis for Health & Safety training is underway and from this a matrix will be developed showing what training is required for different types of roles across the organisation. This will then inform the development of a training programme over the next few years.

4 OCCUPATIONAL HEALTH PROVISION

The Occupational Health Provision (OHP) is a significant risk/absence management tool, allowing the Council to optimise productivity whilst reducing costs related to health issues. OHP's perform the following functions:

- Identification of the legacy of impairment/disease in new employees and the establishment of a 'baseline' of health.
- Pre employment health assessment.
- Advising on adjustments as required to comply with the Equality Act 2010.
- Identification of work-related disease and defence in the event of legal challenge.
- Provision of advice on preventing/minimising work-related illness.
- Compliance with statutory health surveillance requirements.
- Assessment of fitness for work during and after illness/disease onset and recommending adjustments and restrictions to reduce absence costs.
- Employee Assistance such as Counselling, CBT, EDMR.
- Physiotherapy.

The main OHP is currently delivered by Optima Health, with Employee Assistance provided by PAM Assist and Physiotherapy provided by Framework. The value of these contracts is £84,000 per annum, with some additional costs agreed separately for more specialist services. The OH Contract runs until 31st March 2021, with the option to extend for up to 2 years after this.

4.1 OH (Management) referrals

Table 5 below shows the number of referrals made to our OHP. These are mainly made by managers in relation to employee attendance issues, but occasionally may be made to request advice in cases where there has not been any absence.

TABLE 5 - REFERRALS TO OCCUPATIONAL HEALTH SERVICE – CONTRACT USAGE		
Referral Type	Number of referrals 2017/18	Number of referrals 2018/19
Management referrals	672	381
Pre employment screening	420	400
Case conferences	10	1

The number of management referrals has decreased significantly as changes to the Maximising Attendance policy have been implemented.

4.2 Health surveillance

Health surveillance checks are required by legislation and include checks for:

- Noise Induced Hearing Loss;
- Hand Arm Vibration Syndrome;
- Occupational Asthma / lung function;
- Occupational Dermatitis (skin);
- Night worker medicals;

Table 6 below shows the number of staff attending OH for statutory health surveillance appointments to be higher than in previous years. The process for making appointments

was revised for the 2018/19 year, and for the first time in many years all employees were offered an appointment for all surveillance due to them.

There are 246 individual staff members currently included in the health surveillance programme and 36 staff on the night worker medicals programme.

TABLE 6 - Health Surveillance Appointments – 2017/18 and 2018/19		
	2017/18	2018/19
HAVS	67	122
Audiometry	109	109
Skin checks	130	244
Lung checks	130	262
Night worker assessment	11	18

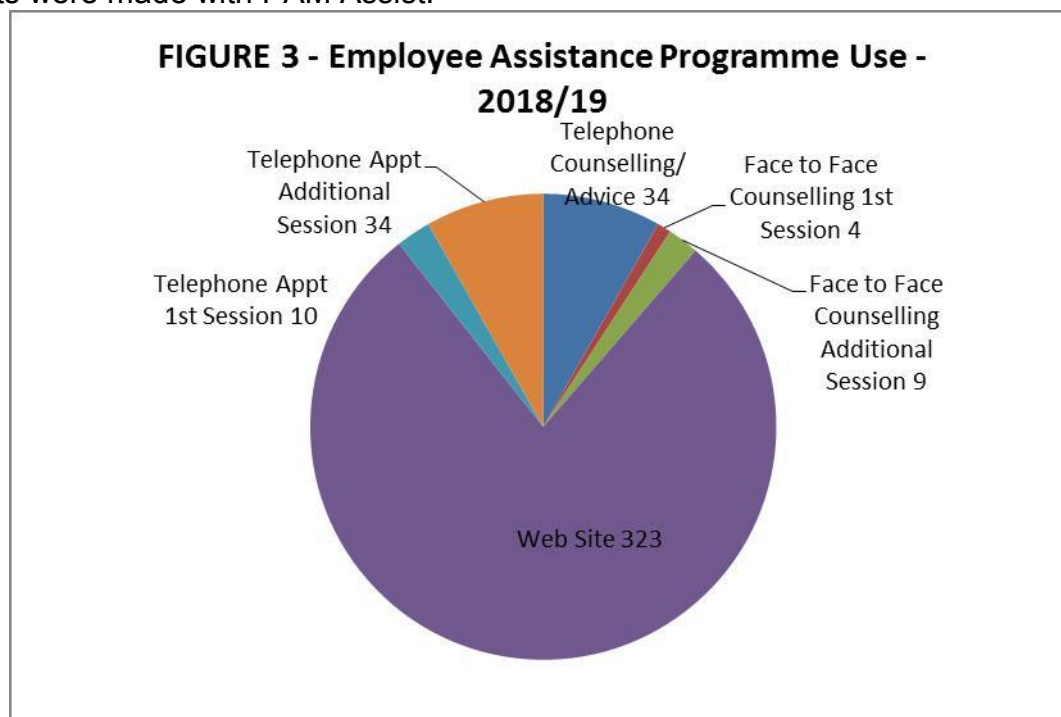
* Health surveillance checks are cyclical, some of which take place on a 3 year rotation. These figures highlight the usage of the contract and are not performance indicators.

If symptoms are identified during health surveillance managers are provided with recommendations from OH in order to ensure exposures are reduced. A structured feedback form is now used to ensure the outcome of health surveillance appointments is formally passed to staff.

4.3 Employee Assistance Programme

The Employee Assistance Programme was reintroduced from 1 May 2018 following several years' absence due to the collapse of the previous supplier. The contract provides for online and telephone assistance on a wide range of topics. If more specific support is provided such as counselling, CBT or EDMR this is charged separately to the relevant service.

Figure 3 shows the use made of this provision in the 2018/19 financial year. A total of 414 contacts were made with PAM Assist.



The main topic for phone contact was Mental Health Issues (23). Table 7 shows the topics viewed on the website by Council employees.

TABLE 7 – EAP Website Topics – 2018/19	
Topic	Views
Drugs and Alcohol	6
Legal Advice	6
Managing Money	101
Medicine Chest	21
Mental Health	116
No Topic Viewed	66
On-line Counselling	24
Support	41
Web Site Navigation only	2
Total	383

4.4 Physiotherapy

The primary purpose of the Physiotherapy Service is to either prevent absence or to facilitate a return to work as a result of a musculo-skeletal injury or illness. The Service was set up as part of the Council's absence management toolkit, with the aim being to provide faster access to physiotherapy as staff could wait eight to twelve weeks for NHS provision. The physiotherapy provision is delivered by 'Frameworks Clinics'.

There were 14 referrals to Physiotherapy, 5 of whom had absence as a result of their injury.

5 STRESS RISK ASSESSMENT

Stress risk assessments aim to assist managers in the identification of stressors and the subsequent identification of risk control measures. Table 8 below summarises the demand for assessments from each Service. In 2018/19, 70 assessments were requested – an increase of 30 (175%) from the previous year.

TABLE 8 - STRESS RISK ASSESSMENT BY SERVICE – 2017/18 and 2018/19		
	2017/18	2018/19
Housing & Community Safety	9	17
Social Services	10	10
Education	15	33
Development & Environment	4	5
Strategy & Customer Services	1	0
Resources & Governance	1	5
Total	40	70

During the course of the year a Mental Health Policy was approved. This set out arrangements for proactive team stress risk assessments to be carried out. This should see the number of individual assessments required decrease, but more importantly should also see a decrease in the level of absence from work related stress.

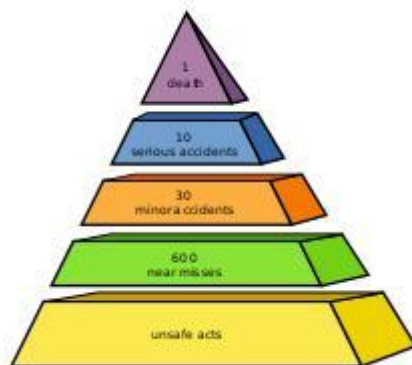
6. PRIORITY AREAS FOR IMPROVEMENT

There is generally good progress in health and safety performance. Using the information provided above, and the analysis of performance against HSG65 in Appendix 1 suggests there are still a number of areas for improvement. Four of these areas are identified as a priority to ensure that performance continues to improve.

6.1 Incident Reporting

The level of incident reporting by staff shows a significant drop over the last year. This is likely to be due to under reporting, rather than a significant improvement in safety culture. In Accident causation theory, it is expected that the number of near misses should be significantly higher than the number of minor incidents recorded, as shown in Figure 4 below. However, the number of near misses recorded across the Council are nowhere near the level expected – an additional 3500 near misses would be required to come close to this.

Figure 4: Bird's Accident Triangle



The current method of incident reporting is labour intensive. In some services an employee will hand write an incident form, which is then typed up by another member of staff before being sent to the H&S team where the same information is retyped in to iTrent. This is clearly inefficient. Work is progressing well to allow key employees in all services to input the information directly to iTrent. This then triggers a workflow to allow managers and H&S team to review the information and provide updates as they would now.

Work is also starting to simply reporting for near miss events to encourage better reporting of these. This would allow identification of potential issues at an earlier stage and allow them to be rectified BEFORE injury or property damage occurs.

6.2 Risk Assessment

The Gallagher & Bassett Audit of Health and Safety carried out in 2016 raised concern about the quality of risk assessments and the lack of any quality assurance process for this. While a number of risk assessments have been viewed as part of the General Health & Safety Audit programme, it is recognised that a more systematic approach is required to provide assurance that risk assessment is a routine part of Council work.

With the resources available in the Health & Safety Team limited to 4 FTEs it is important that work progresses on a central storage mechanism for all risk assessments to allow easy access to these. This would also provide other benefits in reducing duplication of effort across the Council, as managers will be able to access similar risk assessments and change them for their use, rather than having to start from scratch with each new task.

6.3 Health & Safety Training Programme

Over the last year, the focus of the H&S Team has been on developing policies to ensure that a set of guidance exists for all hazards facing the Council which is understandable for employees and practical to implement across the many different teams across the Council. Now that this work is drawing to a close, the focus for the team is now on ensuring that employees are aware of the guidance and their role in improving health and safety standards.

A systematic approach will be taken, working in conjunction with Organisational Development, to ensure that the health and safety training required within different roles are identified and documented.

6.4 Health & Safety Communication

For Health & Safety to improve, the elements of the Health & Safety Management System need to mean something to the employees who carry out the work of the Council. There is no point on a policy which sits on a shelf, or a risk assessment which sits unread in a folder. The Health & Safety Executive have developed the Safety Climate Tool to help measure how well employees feel health and safety is managed across the organisation.

A programme of using this tool with different teams is being developed to help identify what work is required to improve the Health & Safety culture across the organisation. This will then feed in to the Health & Safety Team workplan.

7 HEALTH & SAFETY TEAM WORKPLAN 2019/20

The key tasks for the Health & Safety Team over 2019/20 are set out in Table 9.

TABLE 9 – Health & Safety Team Workplan 2019/20		
Ref	Task	Target Date
Plan		
P1	Complete programme of policy development/review	September 2019
P2	Carry out further toolbox talks to ensure all employees are aware of H&S policies and their responsibilities	December 2019
P3	Lead work to collaborate on Health & Safety with other organisations with which we work	March 2020
P4	Ensure that appropriate Health & Safety information is provided to contractors to allow work to be carried out safely.	March 2020
Do		
D1	Carry out systematic risk profiling exercise so that all managers are clear of the key hazards in their area	March 2020
D2	Develop H&S Training matrix to ensure all employees have suitable training for the work they are required to do	December 2019
D3	Develop central system for recording risk assessments to allow better quality assurance.	December 2019
D4	Work with services to embed the concept of Competence rather than using training as a tick box.	March 2020
Check		
C1	Roll out service input of incidents into iTrent	December 2019
C2	Develop systems to allow easy reporting of near misses	September 2019
C3	Roll out Safety Climate Tool to gauge employee engagement on Health & Safety	March 2020
C4	Develop programme of thematic audits on particular issues	March 2020
Act		
A1	Ensure reports to H&S Forums and SLG contain measurable timescales with ongoing tracking of actions	June 2019
A2	Ensure that more in-depth analysis of incidents is provided to Operational Health & Safety Forum	June 2019

Clackmannanshire Council is a member of the Authorities Benchmarking Club (ABC). This involves benchmarking with 11 other Scottish local authorities. Part of this membership includes involvement in a regular Peer Review H&S Management System Audit every three years. The next round of audits will take place by September 2019. The results of this will also influence the work identified for the team.

8 CONCLUSIONS

The aim of this report is to monitor H&S performance and to provide general assurance on the level of compliance with statutory requirements. From the performance of the H&S Management System in 2018/19, it is evident that limited assurance can be provided on the uniform compliance with statutory H&S duties across the Council.

Significant work has been undertaken to build the foundations of a strong Health and Safety Management System. 14 policies have been developed over the past year, in addition to the 5 which were agreed in the previous year. 61 General Health & Safety Audit visits have been carried out, building up a picture of compliance levels across the Council. A total of 2517 training activities were undertaken during the year.

However, the sharp drop in incident reporting and the rise in stress risk assessments suggest that there are still issues which require to be addressed to ensure that health and safety culture is embedded across the organisation.

Pockets of good practice exist within the Council and a key role for the Health & Safety Team is to share this good practice to help those who may not be performing as well. The development of a central risk assessment store will be a key step forward to assist with this.

A key challenge for the team over the next year will be to ensure that Health & Safety remains a priority in all areas of the Council as the new management structures are developed and implemented. This also presents opportunities as the changing structures lead to reviews of working practices across different teams.

The H&S Team will continue to closely monitor performance and work towards reducing the key risks facing the Council as detailed above; adjusting priorities as required in order to safeguard the health, safety and wellbeing of staff, as far as is reasonably practicable.

Key Areas of Strength	Key Areas for Development
Plan	
Policy with clear statement of intention, responsibilities and performance measures signed by Chief Executive.	Communication of policies so that everyone knows what is required.
Arrangements for Trade Union involvement in policy development and Health & Safety planning and monitoring.	Share good practice with those with whom we share buildings or work closely with.
Do	
Management of Contractors in relation to Health & Safety has improved dramatically.	Carry out systematic risk profiling to ensure that all risks are appropriately controlled.
Clear arrangements in place for employees to raise H&S issues.	Ensuring that health and safety is seen as a key part of "getting the job done".
Specialist help engaged and managed effectively in areas such as asbestos.	Making sure all workers have the necessary skills, knowledge and experience to carry out their job safely and without risk to their health.
Check	
Good systems to report and discuss health and safety performance in a systematic way.	Accident reporting and investigation is not carried out as systematically as it could be.
Act	
Senior Managers open to learning lessons from previous incidents.	Ensure momentum is not lost on Health & Safety actions identified.

