
Report to: Audit Committee

Date of Meeting: 26 September 2019

Subject: Internal Audit Progress Report 2019/20

Report by: Internal Audit Manager

1.0 Purpose

- 1.1. This report provides an update on progress with completing the 2019/20 Internal Audit Plan.

2.0 Recommendations

- 2.1. The Committee is asked to note progress being made with completing the 2019/20 Internal Audit Plan.

3.0 Progress With Completing 2019/20 Internal Audit Plan

- 3.1. The Plan was agreed by Audit Committee on 25 April 2019. It set out 16 assignments to be completed by the team during the year.
- 3.2. To date, 2 assignments (including NFI) have been completed to final report stage. A further 8 are in progress or have been completed to draft report stage. A summary of progress is set out at Appendix 1. The Scope and Executive Summary of each finalised report is at Appendix 2.

4.0 Conclusions

- 4.1. The team are making good progress with 2019/20 Internal Audit work. This will contribute to a balanced and evidenced based year end opinion on arrangements for risk management, governance, and control.

5.0 Sustainability Implications

- 5.1. None noted

6.0 Resource Implications

- 6.1. *Financial Details*

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

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

6.4. *Staffing*

7.0 Exempt Reports

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

7.0 Declarations

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

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

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

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

8.0 Equalities Impact

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

9.0 Legality

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

10.0 Appendices

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

- **Appendix 1:** Internal Audit Plan: Progress at 18 September 2019.
- **Appendix 2:** Summary of Key Findings Arising from Assignments Complete to Final Report.

11.0 Background Papers

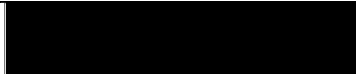
11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

Author(s)

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

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership and Performance	

Internal Audit Plan 2019/20 – Progress at 18 September 2019

Planned Assignments (as per 2019/20 Internal Audit Plan)			
	Service	Assignment	Status
1.	All Services	Continuous Auditing	In Progress – Ongoing
2.	All Services	National Fraud Initiative	In Progress – Ongoing
3.	Place	Climate Change Act Public Body Duties Audit	In Progress
4.	All Services	Follow Up of Internal Audit Recommendations	In Progress – Ongoing
5.	All Services	Consultancy Work	In Progress - Ongoing
6.	Clackmannanshire and Stirling IJB	To Be Confirmed by IJB Chief Internal Auditor	Not Started
7.	Central Scotland Valuation Joint Board	<ul style="list-style-type: none"> • Payroll; and • Data Protection. 	In Progress
8.	Place	Procurement – Waste Services	Not Started
9.	Partnerships and Performance / All Services	Creditors Purchase to Pay Cycle (Purchase Order / Invoice Processing and Authorisation)	Draft Report Issued
10.	All Services	System Administration – Access Privileges to Key Corporate Systems	Draft Report Issued
11.	All Services	Savings Tracking	In Progress
12.	All Services	Business Continuity Planning	Final Report Issued – Substantial Assurance
13.	All Services	Building Security (Operational Buildings)	Not Started
14.	All Services	Workforce Planning	Not Started
15.	People	Social Work Information System – Project Planning, Management, and Implementation	Not Started
16.	Place	Housing Rents	Not Started

Summary Of Key Findings Arising From Assignments Complete to Final Report

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, Pensions, 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 2018/19 NFI exercise is now underway.</p> <p>160 'High Risk matches were released to Clackmannanshire Council for review and investigation (1,478 matches in total). Services have investigated and closed 64 matches. No instances of fraud or error have yet been identified.</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 January 2019, as a result of participation in this exercise (which matches Council Tax and Electoral Roll data), 55 instances of wrongly claimed discount, totalling c£69k, have been identified. Recovery action has been taken, or is underway, via adjustments to future Council Tax bills.</p>	

Assignment	Service	Assurance
Business Continuity	All Services	Substantial Assurance
Scope	Final Report Executive Summary	
<p>Work focussed on:</p> <ul style="list-style-type: none"> overarching arrangements at a corporate level for establishing business continuity and departmental recovery plans, including: <ul style="list-style-type: none"> roles and responsibilities; arrangements for identifying and risk assessing critical systems and activities; and ownership of, and accountability for, the completeness, proportionality, and effectiveness of the framework of business continuity and departmental recovery plans. the availability of guidance, training, and support to staff responsible for implementing business continuity and departmental recovery plans; and arrangements for testing the adequacy and robustness of documented plans. 	<p>The Council has a Business Continuity Management Policy. All staff consulted during the review were clear about their roles and responsibilities.</p> <p>We were content that risk management had been fully embedded into the process, through the performance of a Business Impact Analysis at departmental level, and the development of a robust corporate Business Continuity Plan.</p> <p>We recommended that once the organisational structure is finalised the opportunity is taken to review the Business Continuity Management Policy, the corporate Business Continuity Plan, and Departmental Recovery Plans. This will ensure that the documented approach remains consistent with the new managerial structure, and that roles and responsibilities are understood by all new Strategic Leadership Group and Senior Managers.</p> <p>Guidance and training has been provided on the principles of Business Continuity Management. However, given the new managerial structure we recommended that training should be provided to the Strategic Leadership Group and Senior Managers.</p> <p>A comprehensive and robust testing programme is not in place and reliance is placed on Departmental Recovery Plans being tested during live incidents. We recommended, in order to ensure that Business Continuity Management arrangements are operating efficiently, effectively, and to the required standard, that a formal, comprehensive, and risk based, testing programme is prepared and implemented.</p>	

