



**Clackmannanshire
Council**

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Comhairle Siorrachd
Chlach Mhanann

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

Audit Committee

Thursday 6 February 2020 at 9.30 am

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

Date	Time
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Audit Committee

The remit of the Audit Committee is:

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

In relation to the authority's internal audit functions:

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

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

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

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

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

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

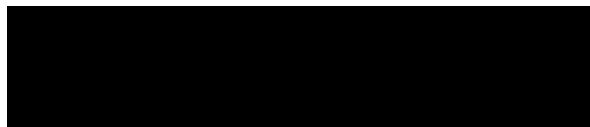
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28 January 2020

A MEETING of the AUDIT COMMITTEE will be held within the Council Chamber, Kilncraigs, Greenside Street, Alloa, FK10 1EB, on THURSDAY 6 February 2020 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 5 December 2019 (Copy herewith)	05
4. External Audit: Planning Report 2019/20 - report by the Chief Finance Officer (Copy herewith)	09
5. Council Financial Performance 2019/20 – October Outturn – report by the Chief Finance Officer (Copy herewith)	27
6. Audit Committee Forward Plan 2020/21 – report by Strategic Director Partnership and Performance (Copy herewith)	45

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

Councillors

Wards

Councillor	Dave Clark (Convenor)	2	Clackmannanshire North	LAB
Councillor	Martha Benny (Vice Convenor)	2	Clackmannanshire North	CONS
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 5 DECEMBER 2019 at
9.30 am.**

PRESENT

Councillor Dave Clark (Convenor)
Councillor Martha Benny (S)
Councillor Ellen Forson
Councillor Helen Lewis
Councillor Tina Murphy

IN ATTENDANCE

Stuart Crickmar, Strategic Director, Partnership and Performance
Lindsay Sim, Chief Finance Officer
Gordon O'Connor, Internal Audit Manager
Cherie Jarvie, Senior Manger Partnership and Transformation
Derek Barr, Procurement Manager
Tom Reid, External Auditors
Lindsay Thomson, Senior Manager, Partnership and Performance (Clerk to the Committee)
Gillian White, Committee Services

AC(19)34 APOLOGIES

Apologies for absence were received from Councillor Bill Mason, Councillor Chris Dixon, Councillor Darren Lee and Councillor Derek Stewart. Councillor Martha Benny acted as substitute for Councillor Mason.

AC(19)35 DECLARATIONS OF INTEREST

None.

AC(19)36 CONFIRM MINUTES OF MEETING HELD 26 SEPTEMBER 2019

The minutes of the Meeting of the Audit Committee held on 26 September 2019 were submitted for approval.

Decision

The minutes of the Meeting of the Audit Committee held on 26 September 2019 were agreed as a correct record and signed by the Convenor.

AC(19)37 INTERNAL AUDIT ANNUAL PROGRESS REPORT 2019/20

The report, submitted by the Internal Audit Manager, provided an update on progress with completing the 2019/20 Internal Audit Plan.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Helen Lewis. Seconded by Councillor Tina Murphy.

Decision

The Committee agreed to note progress being made in completing the 2019/20 Internal Audit Plan.

AC(19)38 COUNCIL FINANCIAL PERFORMANCE 2019/20 – AUGUST OUTTURN

The report, submitted by the Chief Finance Officer, provided an update on the financial performance for the Council, as at August 2019 in respect of the General Fund (GF) revenue and capital spend and the achievement of savings to date; and the Housing Revenue Account (HRA) revenue and capital spend.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Martha Benny. Seconded by Councillor Tina Murphy.

Decision

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

1. Approve referral to Council for approval of additional capital work to Kilncraig's roof up to £0.300m (as set out in paragraph 6.3 of the report);
2. Note that the General Fund (GF) revenue spend is forecasting an overspend of £0.699m for the year to 31 March 2020;
3. Note that the Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £1.708m;
4. Note that the Housing Revenue Account (HRA) forecasted revenue surplus over budgeted surplus for the year of £(0.345m) to March 2020, which was reported to the Place Committee in November;
5. Note that the Capital programme for both HRA and GF are currently forecasting an underspend; and
6. Note progress to date in delivering the £4.810m savings programme, currently forecast to achieve 81.3%, as at the end of August 2019.

Action

Chief Finance Officer

AC(19)39 NATIONAL SCRUTINY PLAN 2019/20

The report, submitted by the Strategic Director, Partnership and Performance, sought to raise awareness of the National Scrutiny Plan 2019/20 prepared by the Strategic Scrutiny Group for Local Government.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Helen Lewis. Seconded by Councillor Martha Benny.

Decision

The Committee agreed to note the National Scrutiny Plan 2019/20 prepared by the Strategic Scrutiny Group for Local Government.

AC(19)40 CORPORATE RISK AND EXTERNAL AUDIT ACTIONS

The report, submitted by the Strategic Director, Partnership and Performance, provided the 2019/20 half year update on Clackmannanshire Council's Corporate Risk Log. Progress updates were also provided on Audit Scotland's recommendations following their audit of the 2018/19 accounts.

Motion

The Committee agrees the recommendations set out in the report.

Moved by Councillor Martha Benny. Seconded by Councillor Helen Lewis.

Decision

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

AC(19)41 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 recommendations set out in the report.

Moved by Councillor Helen Lewis. Seconded by Councillor Martha Benny.

Decision

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

AC(19)42 ANNUAL COMPLAINTS REPORT 2018/19

The report, submitted by the Senior Manager, Legal and Governance, presented an overview of performance in relation to complaints handling during 2018/19.

Motion

That Committee agrees the recommendations set out in the report.

Moved by Councillor Tina Murphy. Seconded by Councillor Helen Lewis.

Decision

Having commented on and challenged the report, the Committee agreed to note the performance of Council services in handling complaints.

Ends 1008 hours

Report to Audit Committee

Date of Meeting: 6 February 2020

Subject: External Audit: Planning Report 2019/20

Report by: Chief Finance Officer

1.0 Purpose

- 1.1 The purpose of the attached external audit planning report (Appendix A) is to set out the planned audit activity in respect of the audit of the financial year 2019/20.

2.0 Recommendations

It is recommended that the Committee comments on and notes the proposed external audit plan for the year 2019/20.

3.0 Considerations

- 3.1 Audit Scotland was appointed by the Accounts Commission as the external auditor for Clackmannanshire Council for the five year period, which commenced with the 2016/17 audit. The attached planning report sets out the activity in relation to the risks and planned audit work and the scope and timing of the audit.
- 3.2 Each year the external auditor prepares an annual plan which is submitted to the Audit Committee. The Chief Finance officer discusses and agrees the plan and the associated audit fee level. The Committee is encouraged to discuss the plan and associated assessments and rationale with the external auditor as appropriate.
- 3.3 Due to the statutory basis of the work of the external auditor, the audit planning report should be presented to the Audit Committee. Thereafter, all external audit activity undertaken against this plan is formally reported to the Committee.

4.0 Conclusions

- 4.1 The Council's external auditors, Audit Scotland, are in the fourth year of their five year appointment to Clackmannanshire Council. The attached report sets out details of their planned work for the 2019/20 audit.

5.0 Sustainability Implications

5.1 N/A

6.0 Resource Implications

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

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

7.0 Exempt Reports

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

8.0 Declarations

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

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

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

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

N/A

9.0 Equalities Impact

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

10.0 Legality

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

11.0 Appendices

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

External Audit Planning Report

12.0 Background Papers

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

Yes (please list the documents below)

CIPFA Audit Committee Principles in Local Authorities in Scotland

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	Director of Partnerships & Performance	

Clackmannanshire Council

Annual Audit Plan 2019/20



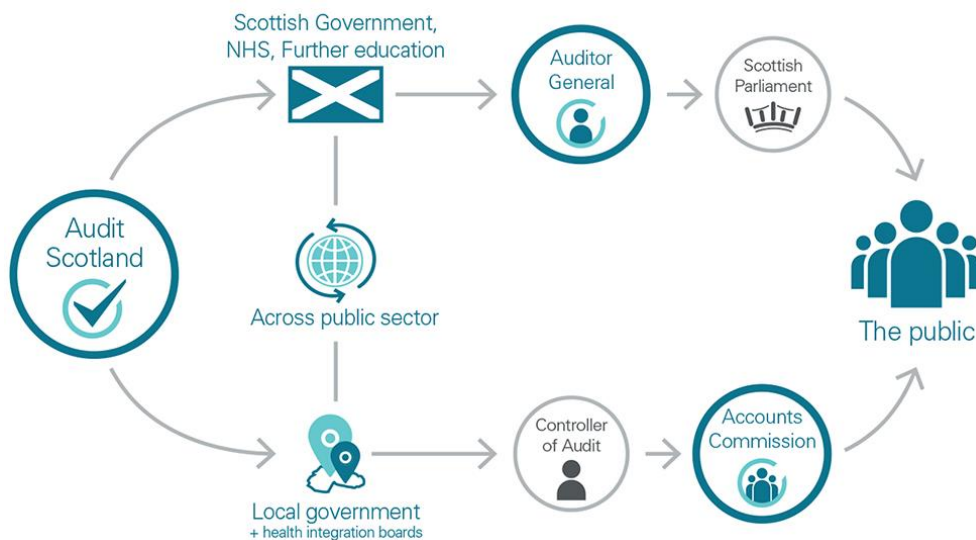
 AUDIT SCOTLAND

Prepared for Clackmannanshire Council
February 2020

Who we are

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

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



About us

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

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

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

Contents

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Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and Audit Scotland's [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit including the audit of Best Value.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.


Adding value

3. We aim to add value to Clackmannanshire Council (the council) through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help the council promote improved standards of governance, better management and decision making and more effective use of resources.

Audit risks

4. Based on our discussions with staff, attendance at council and committee meetings and a review of supporting information we have identified the following significant audit risks for our 2019/20 audit of the council. We have categorised these audit risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).


Exhibit 1 2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>Auditing standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> • Testing of journal entries. • Review of accounting estimates. • Testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business.
<p>2 Risk of material misstatement caused by fraud in income recognition</p> <p>Auditing standards (ISA 240) states that there is a presumed risk of fraud in the recognition of income. There is</p>	<p>Key controls working effectively.</p> <p>Sound budgetary control and monitoring arrangements in place.</p>	<ul style="list-style-type: none"> • Testing of revenue transactions focusing on the areas of greatest risk. • Substantive cut-off testing of income to ensure it is

	Audit Risk	Source of assurance	Planned audit work
	<p>a risk that income may be misstated resulting in a material misstatement in the financial statements.</p> <p>The council receives a significant amount of income in addition to Scottish Government funding, for example council tax and charges for services. The extent and complexity of income means that, in accordance with ISA 240, there is an inherent risk of fraud.</p>	<p>Effective counter-fraud policies and arrangements.</p>	<p>recognised in the correct financial year.</p>
3	<p>Risk of material misstatement caused by fraud in expenditure</p> <p>Guidance on auditing standards requires public sector auditors to consider the risk of fraud over expenditure, extending the requirements of ISA 240. The extent of the council's expenditure, for example on benefits and grants, means that there is an inherent risk of fraud.</p>	<p>Key controls working effectively.</p> <p>Sound budgetary control and monitoring arrangements in place.</p> <p>Effective counter-fraud policies and arrangements.</p> <p>Participation in the National Fraud Initiative</p>	<ul style="list-style-type: none"> • Testing of expenditure transactions focusing on the areas of greatest risk. • Substantive cut-off testing of expenditure to ensure it is recognised in the correct financial year. • Review the council's participation and progress in the National Fraud Initiative.
4	<p>Estimations and judgements</p> <p>There is significant subjectivity in the council's measurement and valuation of the material account areas of non-current assets, financial instruments and pensions. The council is commissioning a full revaluation of non-current assets, which needs to be completed before 31 March 2020 to comply with its accounting policy. It is also re-profiling loans fund repayments. The subjectivity of estimations and judgements represents an increased risk of material misstatement in the financial statements.</p>	<p>The council is tendering for independent experts to revalue its non-current assets.</p> <p>The council has commissioned independent experts to review options to reprofile its loans fund repayments.</p> <p>IAS 19 report provided by actuary to support pension liability disclosures is subject to review by officers.</p>	<ul style="list-style-type: none"> • Testing of non-current asset balances focusing on the areas of greatest risk. • Assessment of the scope, independence and competence of the professionals engaged in providing valuations. • Review the appropriateness of estimates and judgements including comparison with other councils.

Wider dimension risks

5	<p>Financial sustainability</p> <p>The council continues to face significant financial pressures. This includes the costs of funding demand for its services and those provided by the integration joint board. There are also ongoing general pressures on public finances. The council is forecasting it needs to achieve savings of £19 million over the next three years. The council needs to make difficult decisions about its services and how these are provided to ensure it balances its finances.</p> <p>There is a risk that the council will find it increasingly difficult to maintain</p>	<p>Regular budget strategy reports to councillors, including scenario planning and identifying and tracking the progress of savings.</p> <p>Change programme board in place to allow earlier consideration of savings.</p>	<ul style="list-style-type: none"> • Assess the effectiveness of financial planning in identifying the risks to financial sustainability in the short, medium and long terms. • Examine the arrangements in place to address identified funding gaps.
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 Audit Risk	Source of assurance	Planned audit work
<p>financial sustainability and deliver priority services.</p>		
<p>6 Governance and transparency</p> <p>The council has a programme of work designed to secure transformational change, longer-term savings, and service and financial sustainability. This involves embedding new structures and arrangements across the council. There is a risk that processes to support the governance and transparency of council business do not operate as intended resulting in:</p> <ul style="list-style-type: none"> • ineffective arrangements for the prevention and detection of fraud and corruption • financial information which is not clear, timely and detailed enough to enable effective scrutiny of the council's finances • the council being unable to demonstrate the openness and transparency of its decision-making and use of public money • the management commentary, published alongside the annual accounts, not providing a fair, balanced and understandable analysis of the council's performance. 	<p>The council has committed to updating its fraud policy and raising concerns at work policy, and processes to produce a comprehensive approach.</p> <p>Regular financial performance reports to councillors.</p> <p>Council approval is needed to conduct business in private.</p> <p>Officers review the content of the management commentary to ensure it is fair, balanced and understandable, and clearly sets out the council's financial sustainability.</p>	<ul style="list-style-type: none"> • Review the appropriateness and effectiveness of arrangements for the prevention and detection of fraud and corruption. • Assess the quality and timeliness of financial information provided to councillors. • Examine the openness and transparency of decision-making. • Review whether the management commentary tells a clear story and has been compiled in accordance with the appropriate guidance.

Source: Audit Scotland

Reporting arrangements

5. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

6. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

7. We will provide an independent auditor's report to the council and the Accounts Commission setting out our opinions on the annual accounts. We will provide elected members of Clackmannanshire Council and the Controller of Audit with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

Exhibit 2

2019/20 Audit outputs

Audit output	Target date	Committee date
Annual Audit Plan	13 January 2020	6 February 2020
Management Report	12 March 2020	2 April 2020
Annual Audit Report	15 September 2020	24 September 2020
Independent Auditor's Report	15 September 2020	24 September 2020

Source: Audit Scotland

Audit fee

8. The proposed audit fee for the 2019/20 audit of the council is £202,210 [2018/19: £198,220]. In determining the audit fee we have taken account of the risk exposure of the council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual accounts, with a complete working papers package, on 30 June 2020.

9. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Responsibilities

Audit Committee and management

10. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

11. The audit of the annual accounts does not relieve management or the Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

12. Our responsibilities as independent auditors are established by the 1973 local government act, as amended, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

13. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the audited body to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Annual accounts

14. The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the council and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

15. We will give an opinion on whether the financial statements:

- give a true and fair view in accordance with applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code) of the state of affairs of the council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union, as interpreted and adopted by the 2019/20 accounting Code
- have been properly prepared with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations Act 2014, and the Local Government in Scotland Act 2003.



characteristics



responsibilities



principal activities



risks



governance arrangements

Statutory other information in the annual accounts

16. We also review and report on statutory other information published within the annual accounts including the management commentary, annual governance statement and the audited part of the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

17. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

18. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.

19. We calculate materiality at different levels as described below. The calculated materiality values for the council are set out in [Exhibit 3](#).

Exhibit 3 Materiality values



Materiality	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2020 based on the 2018/19 audited accounts.	£2.10 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 50% of planning materiality.	£1.05 million
Reporting threshold (i.e., clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 2% of planning materiality, rounded up to £50,000.	£50,000

Source: Audit Scotland

Timetable

20. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#).

Exhibit 4 Annual accounts timetable

 Key stage	 Date
Consideration of unaudited annual report and accounts by the council	25 June 2020
Latest submission date of unaudited annual report and accounts with complete working papers package	30 June 2020
Latest date for final clearance meeting	10 September 2020
Latest date for receipt of final annual report and accounts with audit adjustments	14 September 2020
Issue of letter of representation and proposed independent auditor's report and agreement of audited unsigned annual report and accounts	15 September 2020
Issue of draft Annual Audit Report to those charged with governance	15 September 2020
Independent auditor's report signed	24 September 2020

Internal audit

21. Internal audit is provided under an agreement with Falkirk Council. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with the main requirements of the Public Sector Internal Audit Standards. ISA 610 requires an assessment on whether the work of the internal audit function can be used for the purposes of external audit. This includes:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control.

22. We will report any significant findings to management on a timely basis.

Using the work of internal audit

23. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication. We plan to consider the findings of the work of internal audit as part of our planning process to minimise duplication of effort and to ensure the total resource is used efficiently or effectively.

24. From our initial review of internal audit plans we plan to place formal reliance on internal audit's work on access privileges to key corporate systems.

Audit dimensions

25. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5 Audit dimensions



Source: Code of Audit Practice

26. In the local government sector the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on Best Value.

27. Our standard audits are based on four audit dimensions that frame the wider scope of public sector audit requirements. These are: financial sustainability, financial management, governance and accountability and value for money.

Financial management

28. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether arrangements are in place to ensure systems of internal control are operating effectively
- the effectiveness of the budgetary control system in communicating accurate and timely financial performance information
- how the council has assured itself that its financial capacity and skills are appropriate
- whether there are appropriate and effective arrangements in place for the prevention and detection of fraud and corruption
- the effectiveness of the council's controls and policies in preventing procurement fraud
- the council's preparedness for application of IFRS 16 (Leases) in 2020/21.

Financial sustainability

29. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying the risks to financial sustainability in the short, medium and long terms
- the arrangements in place to address identified funding gaps.

Governance and transparency

30. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the council can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency of decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

Value for money

31. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether the council can demonstrate:

- value for money in the use of resources
- there is a clear link between money spent, output and outcomes delivered
- that outcomes are improving

- there is sufficient focus on improvement and the pace of it.

32. The council has been selected as a fieldwork site for Audit Scotland's performance audit on digital progress in local government. We will review the outcome of this work and report any significant findings in our annual audit report.

Best Value

33. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincided with the new five-year audit appointments. Auditors started using the framework for their audit work from October 2016.

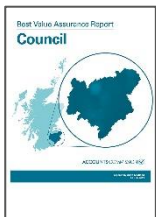
34. A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed comprehensively over the five-year audit appointment, both through the ongoing annual audit work, and through work to look at specific issues. Conclusions and judgements on Best Value will be reported through:

- The annual audit report for each council that will provide a rounded picture of the council overall
- An annual assurance and risks report that the Controller of Audit will provide to the Commission that will highlight issues from across all 32 council annual audit reports
- A Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five-year period.

35. The seven councils on which a BVAR will be published during the fourth year of the new approach are listed in [Exhibit 6](#). Reports will be considered by the Accounts Commission in the period between March and November 2020.

Exhibit 6

2019/20 Best Value Assurance Reports

	Aberdeenshire Council	Dundee Council
	Argyll and Bute Council	Falkirk Council
	City of Edinburgh Council	Moray Council
	North Ayrshire Council	

Source: Audit Scotland

36. Clackmannanshire Council was one of six councils considered in the first year of the five-year audit cycle. The council's BVAR was published in January 2018 and in its findings the Accounts Commission requested a progress report by June 2019. The BVAR Progress report was published in June 2019. At its meeting in August 2019 the council agreed an action plan to progress the recommendations contained in the report. The Accounts Commission has asked us to maintain a close interest.

37. Our Best Value work this year will focus on monitoring the council's progress against its action plan and the recommendations of the BVAR Progress report. As part of our cyclical work on aspects of Best Value, we will also review the council's commitment to equal opportunities and fairness, including the extent to which this is embedded in service delivery. The results of this work will be reported in the Annual Audit Report.

Independence and objectivity

38. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

39. The engagement lead for the council is Gordon Smail, Audit Director. Auditing and ethical standards require the engagement lead to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the council.

Quality control

40. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

41. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Accounts Commission and the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland has been commissioned to carry out external quality reviews.

42. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Clackmannanshire Council

Annual Audit Plan 2019/20

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Report to: Audit Committee

Date of Meeting: 6 February 2020

Subject: Council Financial Performance 2019/20 – October Outturn

Report by: Chief Finance Officer

1.0 Purpose

1.1 This paper provides an update on the financial performance for the Council, as at October 2019, in respect of the:

- General Fund (GF) revenue and capital spend and the achievement of savings to date, for the current financial year, 2019/20.
- Housing Revenue Account (HRA) revenue and capital spend, for the current financial year, 2019/20.

2.0 Recommendations

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

- 2.1 GF revenue spend is forecasting an overspend of £0.282m for the year to 31st March 2020;
- 2.2 the Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £0.132m;
- 2.3 the HRA forecasted revenue surplus over budgeted surplus for the year of £(0.275m) to March 2020, which was reported to Place Committee in November;
- 2.4 the Capital programme for both HRA and GF are currently forecasting an underspend, and
- 2.5 progress to date in delivering the £4.810m savings programme, currently 81.5%, as at the end of October 2019.

3.0 Background

3.1 This report summarises the forecasted financial position of the Council for the financial year ended 31st March 2020. This report consolidates all of the detailed financial data to provide a summary position. The report also provides details of individual Directorate positions.

4.0 General Fund Revenue

4.1 As at 31 October the General Fund is forecasting an overspend of £0.282m and H&SCP is forecasting an overspend of £0.132m, which brings the Council's overall position to an overspend of £0.414m for the year to March 2020. In October the chief finance officer imposed a spending restraint to bring spend back in line with budget and this remains in place. Services have been asked to review all spend prior to authorisation.

4.2 **Appendix 1** provides the breakdown by each Directorate and centrally held Corporate along with the position for Partnerships and Sources of Funding.

4.3 A Finance report is submitted to each Directorate Committee for scrutiny. Detailed variances are contained within these reports which are available on the Council website.

5.0 Stirling & Clackmannanshire Health and Social Care Partnership (HSCP)

5.1 The HSCP is forecasting an overspend of £0.132m. This is a significant reduction from the last reported overspend of £1.630m. The previous overspend included £1.498m for 5 Ordinary Resident Cases which were in dispute with Falkirk Council. made up of a provision of £826k and ongoing costs of £672k. Notification has now been received that these cases are no longer being pursued and the provision has been released.

5.2 Further detail of the forecast positions for the HSCP can be found in the outturn report presented to the Partnership and Performance Committee on the 16 January 2020

6.0 General Fund Capital

6.1 General Fund capital is forecasting an underspend of £(6.367)m to March 2020. This underspend mainly relates to the delay in the sign-off of the City Region Deal £(1.207)m resulting in a reforecast of support costs, and the Kilncraigs BPRA payment £(4.900)m which is expected to be made in October 2020 rather than the previous forecast of Feb 2020. This underspend will be carried forward into 2020/21 where required.

6.2 The early years programme is progressing well and on track to meet the August 2020 deadline for early years expansion. A number of budget reallocations have been completed to match the programme of works there may be further reallocations as the programme is agreed.

6.3 **Appendix 3** provides a detailed breakdown of the projects within each asset plan with commentary on the reasons for any variances

6.4 The opening unallocated capital receipts balance at the 1st April 2019 was £3.597m. In the year to date the Council has received receipts of £0.018m for the sale of vehicles, and are projecting to receive further receipts of £0.805m in the year from sale of surplus properties, taking the forecasted level of capital receipts to £4.42m. Additional properties are currently being prepared for sale and marketed from which further receipts are expected during the 2019/20 financial year.

7.0 2019/20 Savings Progress

7.1 The 2019/20 budget incorporated approved savings of £4.810m.

Appendix 4 indicates the forecast achievement by Directorate of those savings by 31 March 2020.

7.2 The appendix indicates that 81.5% of savings have or are likely to be achieved, with a further 18.5% at risk of not being achieved in 2019/20. This is a 0.2% improvement of achieved savings since last reported to this Committee in December. The details of the movements can be seen in the appendix.

7.3 Within Partnership & Performance unachievable savings (Red), there is £0.363m which relates to the Corporate redesign of the People Directorate. This is being held centrally to provide transparency of the saving achieved across all Directorates. Work is ongoing to realign budgets across Directorates as the restructure is finalised.

8.0 Financial Risks

8.1 The forecasts provided above are based on information currently available and any expected future inflationary effects on prices, however, uncertainties around Brexit and the resultant impact on prices of procured and commissioned goods could start to have a direct financial impact in the later part of the year. Forecasts will be updated as any price increases become apparent.

8.1.1 Revenues Service

Within the Revenues service the areas of Council Tax, Universal Credit and Housing Benefit have significant levels of expenditure that could materially affect the outturns reported. Homeless housing benefit remains outwith the scope of Universal Credit at this point but should legislation change then the impact would be significant. These areas will continue to be reviewed on an ongoing basis and any changes will be included within forecasted outturns and reported to Committee.

8.2 Provisions

At the 31 March 2019 the Council set aside sums in respect of future liabilities for Equal Pay, Insurance, PPP, and Legal Case - Ordinarily Resident. **Appendix 5** provides a summary of the movements to date and expected year end balance.

8.3 Additional costs have been identified to those provided for in respect of Equal Pay claims. As a result £9k has been added to the provision to reflect these costs.

8.4 As noted above at 5.1, the provision for the Legal Case – Ordinarily Resident has been released following resolution of the disputed costs. The remaining

provisions and any additional liabilities will be reviewed throughout the year and as part of the closure of the year- end accounts.

8.5 Contingent Liabilities

The Council reported five Contingent Liabilities at 31 March 2019. These are areas where the Council may have a future obligation to make a payment however, the timescale and quantification is not known. The Council reported Contingent Liabilities in respect of: Equal Pay, Legal Case – Ordinarily Resident, a Health and Safety Case, Historic Sex Abuse and LGPS Pension Liability.

- 8.6 As at 31 October 2019 the contingent liability for the Legal Case - Ordinarily Resident has been removed following resolution of the disputed cases. The remaining Contingent Liabilities are still in existence and no further information is available to either remove or quantify any potential liability.

9.0 Housing Revenue Account (HRA)

- 9.1 The HRA Revenue account is forecasting a surplus of £(5.169)m which is £(0.275)m above the budgeted surplus.
- 8.2 The HRA Capital Programme is forecasting an underspend for the year of £(1.771)m, a movement of £(1.744)m since August 2019.
- 9.3 Further detail of the forecast positions for the HRA can be found in the outturn report presented to the Place Committee on the 23 January 2020.

10.0 Conclusions

- 10.1 General Fund revenue spend is forecasting an overspend of £0.282m for the year to March 2020.
- 10.2 The Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £0.132m.
- 10.3 The Housing Revenue Account (HRA) revenue is forecasting a surplus over budget for the year of £(0.275)m to March 2020.
- 10.4 The GF Capital programme is forecasting an underspend of £(6.367)m.
- 10.5 The HRA Capital programme is forecasting an underspend of £(1.771)m.
- 10.6 Of the £4.810m approved savings programme, as at the end of October 2019, 80,2% are forecast to be achieved.

11.0 Sustainability Implications

- 11.1 There are no direct environmental sustainability implications arising from this report.

12.0 Resource Implications

12.1 *Financial Details*

12.2 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

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

12.4 *Staffing*

12.5 There are no direct staffing implications arising from this report.

13.0 Exempt Reports

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

14.0 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)

15.0 Equalities Impact

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

16.0 Legality

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

17.0 Appendices

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

Appendix 1- Council Summary Financial Outturn at October 2019

Appendix 2- HSCP Variance and movement at October 2019

Appendix 3- General Fund Capital Outturn at October 2019

Appendix 4- Summary Savings by Directorate at October 2019

Appendix 5- Provisions

18.0 Background Papers

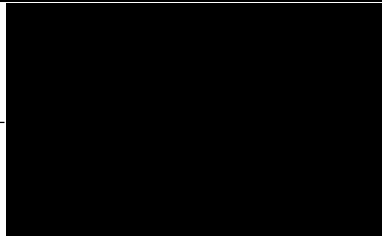
18.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Author(s)

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

Approved by

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

**Council Summary by Directorate and Partnerships
Financial Outturn as at 31st October 2019**

Appendix 1

	<i>Annual Budget 2019/20 £'000</i>	<i>Forecast to March 2020 £'000</i>	<i>Variance Forecast to Budget £'000</i>	<i>Previous Variance Forecast £'000</i>	<i>Variance Movement £'000</i>
Directorate					
People	71,348	72,135	787	1,159	(372)
Place	18,204	17,367	(837)	(719)	(118)
Partnership & Performance	10,979	10,932	(47)	(119)	72
Corporate Services	8,739	9,117	379	379	0
	109,270	109,552	282	699	(417)
Partnerships					
Central Scotland Valuation Joint Board	395	395	0	0	0
Health & Social Care Partnership	17,085	17,217	132	1,708	(1,576)
	17,480	17,612	132	1,708	(1,576)
Sources of Funding					
General Revenue Funding/Non-Domestic Rates	(96,856)	(96,856)	0	0	0
Council Tax	(22,988)	(22,988)	0	0	0
Council Tax Reduction Scheme	(3,626)	(3,626)	0	0	0
	(123,470)	(123,470)	0	0	0
Application of unapplied Capital receipts	(2,041)	(2,041)	0	0	0
Contribution from Earmarked Reserves	(1,238)	(1,238)	(0)	0	(0)
	(126,748)	(126,749)	(0)	0	(0)
Projected (Under)/Overspend	0	414	414	2,408	(1,993)

<i>Health & Social Care Partnership</i>	<i>Variance Forecast to Budget at August</i>	<i>Variance Forecast to Budget at October</i>	<i>Movement in variance August to October</i>
	<i>£'000's</i>	<i>£'000's</i>	<i>£'000's</i>
Employees			
Employee Expenditure	(807)	(882)	(75)
Long Term Care			
Nursing Homes	755	419	(336)
Residential Homes	1,056	(911)	(1,967)
Community Based Care			
Care at Home	1,697	722	(975)
Day Care	108	128	20
Direct Payments	88	95	7
Housing Aids and Adaptations	7	7	0
Housing with Care	109	109	0
Respite	(43)	0	43
Misc Third Party Payments			
Misc Third Party Payments	(729)	349	1,078
Supplies and Services			
Premises Expenditure	62	62	0
Supplies and Services	28	28	0
Transport Expenditure	6	6	0
Income			
Income	(439)	0	439
Resource Transfer (Health)	(190)	0	190
Total	1,708	132	(1,576)

Capital Outturn at 31 October 2019

Appendix 3

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget 2019/20 £	Expenditure £	Projected Out-turn £	Projected_(Under)/Over_sp end £	Notes	Carry Forward 20/21 £
Community Investment Strategy										
All Clackmannanshire Areas										
10041	A42	JALLAN	Schools ICT Replacement - All Primaries	All Clackmannanshire Areas	90,000	109,295	90,000	0		
10042	A43	CJARVIE	Community Investment Grants	All Clackmannanshire Areas	100,000	30,489	50,000	-50,000		
10156	A67	PLEONARD	City Deals	All Clackmannanshire Areas	1,307,000	0	100,000	-1,207,000	Deal not signed off not expecting any spend this year. Will require to carry forward. Forecast for staff if deal signed can be capitalised	1,207,000
10174		SCRICKMAR	Fitness Suite Replacement	All Clackmannanshire Areas	23,000	10,696	22,080	-920	Year 1 18/19 was delivered in 19/20 Year 2 will be ordered now.	
Total All Clackmannanshire Areas					1,520,000	150,480	262,080	-1,257,920		1,207,000
Alloa Cluster										
10000	A1	JALLAN	Schools ICT Replacement - Alloa	Alloa Cluster	42,000	24,743	42,000	0		
10003	A4	TCARMAN	CCTV Equipment	Alloa Cluster	20,783	0	20,783	0		
10006	A3	eturnbull2	Park Primary School - School Development	Alloa Cluster	573,843	49,701	553,843	-20,000		20,000
10007		JALLAN	School Interactive Display Replacement - Alloa	Alloa Cluster	80,000	20,070	80,000	0		
10008		eturnbull2	Heritage Improvement	Alloa Cluster	23,590	0	23,590	0		
10010		NA	Kilncraigs BPRA	Alloa Cluster	4,900,000	0	0	-4,900,000	To be repaid in October 2020 on legal paperwork.	4,900,000
10021		eturnbull2	Sunnyside Primary School - School Development	Alloa Cluster	0	1,200	0	0		
10136	A51	chamilton	Speirs Centre	Alloa Cluster	72,492	0	72,492	0		
10150	A54	eturnbull2	Bowmar Area Enhancements	Alloa Cluster	3,872	0	3,872	3,530		
10169		OMUNRO	Kelliebank Depot Improvements	Alloa Cluster	24,564	0	24,000	-564	Work completed awaiting final invoice.	
10183		SWALKER	Forthbank Recycling Centre Improvements	Alloa Cluster	200,000	5,426	80,000	-120,000	Issue with consultant project delayed underspnd to be carried forward to 20/21	120,000
Total Alloa Cluster					5,941,144	101,140	900,580	-5,037,034		5,040,000
Hillfoots Cluster										
10029	A31	SWALKER	Street Lighting Improvements - Tillicoultry & Alva	Hillfoots Cluster	0	7,785	0	0		
10031	A32	JALLAN	Schools ICT Replacement - Alva Academy	Hillfoots Cluster	42,000	23,441	42,000	0		
10032	A33	eturnbull2	Alva Community Campus/Locality Hub/Primary School	Hillfoots Cluster	28,762	14,669	28,762	0		
10034	A28	PLEONARD	Hillfoots Glen - Upgrading - Alva	Hillfoots Cluster	13,180	11,850	13,180	0		
10035		JALLAN	School Interactive Display Replacement - Alva	Hillfoots Cluster	79,000	20,070	79,000	0		
10036		PLEONARD	Park, Play Area & Open Space Improvements - Hillfoots	Hillfoots Cluster	50,000	29,955	50,000	0		
10039	A40	PLEONARD	Village and Small Town - Dollar	Hillfoots Cluster	25,617	0	0	-25,617	Not expecting any spend this year will be carried forward.	25,617
10044		eturnbull2	Alva Primary School - School Development	Hillfoots Cluster	0	0	0	0		
10118	A65	eturnbull2	Coalsnaughton Primary School - School Development	Hillfoots Cluster	4,530	7,654	7,654	3,124		
10119	A47	eturnbull2	Strathdevon Primary School - School Development	Hillfoots Cluster	30,000	250	30,000	0	Legacy Funding allocated	
10121	A38	eturnbull2	Menstrie Nursery School - School Development	Hillfoots Cluster	1,245,431	950,399	1,620,680	375,249	Add money vired from Sauchie	
10124		eturnbull2	Tillicoultry Primary School - School Development	Hillfoots Cluster	4,000	978	4,000	0		
10140		PLEONARD	Village and Small Town - Alva	Hillfoots Cluster	225,000	287,441	225,000	0	Sustrans funding to be allocated	
10189		PLEONARD	Village and Small Town - Menstrie	Hillfoots Cluster	0	0	0	0		

Capital Outturn at 31 October 2019

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget 2019/20	Expenditure	Projected Out-turn	Projected_(Under)/Over_sp end	Notes	Carry Forward 20/21
					£	£	£	£		£
Total Hillfoots Cluster					1,747,520	1,354,491	2,100,276	352,756		25,617
Lornshill Cluster										
10011	A12	JALLAN	Schools ICT Replacement - Lornshill	Lornshill Cluster	41,000	30,624	41,000	0		
10012	A13	SCRICKMAR	Sauchie Hall Locality Hub	Lornshill Cluster	56,737	49,066	56,737	0		
10014	A15	eturnbull2	Craigbank Primary School Refurbishment	Lornshill Cluster	952,015	1,609,524	2,058,717	1,106,702	£100k from Alva realigned from Early Years budget.	
10017	A18	eturnbull2	School Estate - Tullibody South Campus	Lornshill Cluster	4,131,869	3,289,306	4,157,424	25,555		
10018	A19	PLEONARD	Village and Small Town - Tullibody	Lornshill Cluster	0	0	0	0	Invoice received project complete	
10019	A20	JALLAN	Network Infrastructure Improvement	Lornshill Cluster	38,226	35,587	38,226	0		
10020		JALLAN	School Interactive Display Replacement - Lornshill	Lornshill Cluster	80,000	20,059	80,000	0	Lornshill cluster spend Tullibody South 2019 as part of rolling programme	
10023	A24	SWALKER	Street Lighting Improvements - Tully/Clacks	Lornshill Cluster	0	0	0	0		
10024	A25	eturnbull2	Clackmannan Primary School Refurbishment/Locality Hub	Lornshill Cluster	744,646	318,166	744,646	0		
10043	A44	eturnbull2	Lochies Primary School - School Development	Lornshill Cluster	40,000	470	10,000	-30,000	DDA work to hoists and doors required. Legacy Funding has been allocated	30,000
10122	A14	eturnbull2	Deerpark Primary School - School Development	Lornshill Cluster	28,529	32,288	34,000	5,471		
10125	A61	eturnbull2	Banchory Primary School - School Development	Lornshill Cluster	64,197	5,595	30,000	-34,197	Legacy Funding allocated	34,197
10127	A17	eturnbull2	St Serfs Primary School - School Development	Lornshill Cluster	32,480	31,012	32,480	0		
10132	A63	eturnbull2	Sauchie Nursery - School Development	Lornshill Cluster	20,000	1,633	20,000	0	minimal works at Sauchie. Transferred Menstrie balance	
10149	A57	PLEONARD	Environmental Monies (Clackmannan Regeneration Project)	Lornshill Cluster	858,819	2,673	0	-858,819	Works still to be finalised no spend expected before end of this year. Will be carried forward.	858,819
10164	A60	SCRICKMAR	Clackmannan CAP	Lornshill Cluster	93,000	0	70,000	-23,000		
Total Lornshill Cluster					7,181,518	5,426,002	7,373,230	191,712		923,016
Total Community Investment Strategy					16,390,182	7,032,113	10,636,167	-5,750,485		7,195,633
Fleet Asset Management Strategy										
Fleet Asset Management Strategy										
10062	E1	kphilliben	Vehicle Replacement	Fleet Asset Management Strategy	1,767,414	834,270	1,767,414	0		
Total Fleet Asset Management Strategy					1,767,414	834,270	1,767,414	0		0
Total Fleet Asset Management Strategy										
Total Fleet Asset Management Strategy					1,767,414	834,270	1,767,414	0		0
IT Asset Management Strategy										
IT Asset Management Strategy										

Capital Outturn at 31 October 2019

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget 2019/20	Expenditure	Projected Out-turn	Projected_(Under)/Over_spend	Notes	Carry Forward 20/21
					£	£	£	£		£
10064	F1	JALLAN	IT Infrastructure	IT Asset Management Strategy	144,000	75,054	144,000	0	Form 1 signed 11.10.19 storage £49k Form 1 signed 16.10.19 Blade Servers £30k GF and £10k charged to HRA	
10065	F2	lbarker	Telecare	IT Asset Management Strategy	0	0	0	0		
10066	F3	JALLAN	Social Services Integrated System	IT Asset Management Strategy	193,405	0	0	-193,405	Joint Project Board established with Stirling. Procurement options being explored	193,405
10067	F4	JALLAN	Digital Transformation	IT Asset Management Strategy	25,703	-1,575	25,703	0		
10165	F8	TCARMAN	CCTV Kelliebank	IT Asset Management Strategy	0	0	0	0		
10187		JALLAN	Digital Infrastructure	IT Asset Management Strategy	400,000	31,934	400,000	0	Scoping start Sept, Works Q4	
10190		lbarker	Social Services Adaptations	IT Asset Management Strategy	75,000	0	75,000	0		
Total IT Asset Management Strategy					838,108	105,412	644,703	-193,405		193,405
Total IT Asset Management Strategy					838,108	105,412	644,703	-193,405		193,405
Land Asset Management Strategy										
Land Asset Management Strategy										
10061	D1	SWALKER	SWF/Wheeled Bins	Land Asset Management Strategy	48,000	18,075	34,900	-13,100	signed of Form 2 spend for 19/20 green and blue bins £15k and wheeled bins £12k20-21 Blue & green bins £30k and wheeled bins £18k	
Total Land Asset Management Strategy					48,000	18,075	34,900	-13,100		0
Total Land Asset Management Strategy					48,000	18,075	34,900	-13,100		0
Property Asset Management Strategy										
Alloa Cluster										
10177		OMUNRO	Boiler Replacement - Kilncraigs	Alloa Cluster	0	0	0	0		
10191		PLEONARD	Town Centre Regeneration Fund	Alloa Cluster	683,000	0	483,000	-200,000	Project has commenced and procurement being completed work will be complete in 20/21 underspend to be carried forward.	200,000
10198		OMUNRO	Boiler Replacement No 2 - Kilncraigs	Alloa Cluster	22,000	0	21,161	-839	commitment in wrong code	
Total Alloa Cluster					705,000	0	504,161	-200,839		200,000

Capital Outturn at 31 October 2019

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget 2019/20	Expenditure	Projected Out-turn	Projected_(Under)/Over_sp end	Notes	Carry Forward 20/21
					£	£	£	£		£
Property Asset Management Strategy										
10045	B1	eturnbull2	Statutory Compliance DDA Schools	Property Asset Management Strategy	10,270	29,220	16,000	5,730	To be moved to Lochies.	
10046	B2	eturnbull2	Compliance - Asbestos Removal (Schools)	Property Asset Management Strategy	0	0	0	0		
10180		omunro	Boiler Replacement - Ben Cleuch Centre	Property Asset Management Strategy	7,045	7,045	7,045	0	commitment to be cancelled	
10182		eturnbull2	Bowmar CSEP	Property Asset Management Strategy	40,000	36,000	36,000	-4,000	Work completed invoice received	
Total Property Asset Management Strategy					57,315	72,265	59,045	1,730		0
Total Property Asset Management Strategy										
					762,315	72,265	563,206	-199,109		200,000
Roads Asset Management Strategy										
All Clackmannanshire Areas										
10176		AMURRAY	Electric Vehicle Charge Points	All Clackmannanshire Areas	200,000	104,583	200,000	0		
Total All Clackmannanshire Areas					200,000	104,583	200,000	0		0
Road Asset Management Strategy										
10049	C2	AMURRAY	Flood Prevention	Road Asset Management Strategy	111,166	22,009	111,166	0		
10050	C3	AMURRAY	Cycle Routes	Road Asset Management Strategy	100,000	50	100,000	0		
10051	C4	SWALKER	Carriageways	Road Asset Management Strategy	2,102,000	1,819,763	2,102,000	0		
10052	C5	SWALKER	Footways	Road Asset Management Strategy	0	0	0	0		
10054	C7	AMURRAY	Bridge Improvements	Road Asset Management Strategy	99,886	279	99,886	0		
10055	C8	AMURRAY	Road Safety	Road Asset Management Strategy	0	30,689	0	0		

Capital Outturn at 31 October 2019

Project ID	Management Code	Project Manager	Project ID Description	Cluster Description	Amended Budget 2019/20	Expenditure	Projected Out-turn	Projected_(Under)/Over_sp end	Notes	Carry Forward 20/21
					£	£	£	£		£
10056	C9	SWALKER	Lighting Replacement	Road Asset Management Strategy	339,127	244,510	339,127	0		
10172		AMURRAY	Parking Management Scheme	Road Asset Management Strategy	271,270	56,226	60,000	-211,270		211,270
Total Road Asset Management Strategy					3,023,449	2,173,525	2,812,179	-211,270		211,270
Total Roads Asset Management Strategy					3,223,449	2,278,108	3,012,179	-211,270		211,270
Total Capital Programme					23,029,468	10,340,242	16,658,569	-6,367,369		7,800,308
Income										
1476	G1		Government Grant		(6,208,000)		(6,208,000)	0		
1476	G2		Specific Government Grant - CWSS		(84,000)		(84,000)	0		
1476	G3		Clackmannan Regeneration		(606,318)		(606,318)	0		
1476	G4		Dollar Development (81012)		(20,000)		(20,000)	0		
			Early Learning & Childcare Expansion Grant		(2,775,841)		(2,775,841)	0		
			Charge Place Scotland		(200,000)		(200,000)	0		
			Legacy Funding		(131,500)		(131,500)	0		
			Town Centre Regeneration funding		(683,000)		(683,000)	0		
			Bowmar Regeneration Funding		(350,000)		(350,000)	0		
			Total Capital Income		(11,058,659)	0	(11,058,659)	0		
			Net Capital Programme		(11,058,659)	0	5,599,910	(6,367,369)		0

Summary By Division	Approved savings 2019/20 £	Achieved/ Likely to be achieved £	At risk of not being achieved £	Unachievable £
People	1,626,314	1,409,574	6,740	210,000
Place	562,234	409,584	6,000	146,650
Partnership & Performance	2,621,731	2,100,675	10,000	511,056
Total	4,810,279	3,919,833	22,740	867,706
		81.5%	0.5%	18.0%
Movement from previously reported Previously reported	4,810,279	3,913,133	43,090	854,056
		81.3%	0.9%	17.8%
Movement	0	6,700	(20,350)	13,650
Detail of Movement				
SCSR03		11,350	(11,350)	0
PLCMEF004		1,350		(1,350)
PLCMEF012			6,000	(6,000)
0014E2 Corp		(6,000)		6,000
Funding Officer			(15,000)	15,000
Total movement		6,700	(20,350)	13,650

Provisions as at October 2019

Appendix 5

Provision	Balance at 31st March 2019 £(000)	Notified Amounts paid in the year £(000)	Increase/ decrease in provision £(000)	Further Amounts expected to be utilised in the year £(000)	Anticipated Closing balance at 31st March 2020 £(000)
Equal Pay	4	9	9	0	4
Insurance	26	0	0	0	26
Legal Case – Ordinarily Resident	826	0	-826	0	0
Total	856	9	-817	0	30

Report to Audit Committee

Date of Meeting: 6 February 2020

Subject: Audit Committee Forward Plan 2020/21

Report by: Strategic Director, Partnership & Performance

1.0 Purpose

- 1.1. The purpose of this report is to present a forward plan for Audit Committee.

2.0 Recommendations

- 2.1. It is recommended that Committee:
- 2.2. endorse the forward plan as set out at Appendix 1, subject to it being approved by Council;
- 2.3. notes that the Strategic Director has undertaken to develop a proposal for a learning and development programme to assist the Committee discharge its scrutiny role, for discussion at an informal meeting with Committee members at a date to be agreed.

3.0 Considerations

- 3.1. This report outlines a schedule of reports (Appendix 1) for Audit Committee up to March 2021. The Forward Plan reflects the remit of Audit Committee as approved by Council in August 2018.
- 3.2. Whilst the Plan covers the Committee's core remit, it should be noted that it may vary during the course of the year to accommodate unanticipated developments.
- 3.3. Following discussions between the Strategic Director, Partnership & Performance, the Chair and Vice Chair of the Audit Committee, it has been agreed that there is merit in developing a structured learning and development programme to assist the Committee discharge its scrutiny role effectively. As a consequence, the Strategic Director has undertaken to develop an initial proposal for discussion at an informal meeting with Committee members at a date to be set.
- 3.4. There are no financial implications arising from this report.

4.0 Sustainability Implications

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

5.0 Resource Implications

5.1. *Financial Details*

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

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

5.4. *Staffing – there are no staff implications arising from this report.*

6.0 Exempt Reports

6.1. Is this report exempt? 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? An EQIA is not applicable in this context.

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 – Audit Committee Forward Plan 2020/21

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)

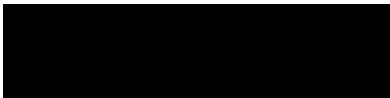
Yes (please list the documents below)

- Council Decision Making Framework – Update, Report to Council 23 August 2018

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stuart Crickmar	Strategic Director	2127

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director	

Audit Committee Forward Plan 2020

Meeting	Date	Title of Report	Service/Lead Officer
APRIL 2020			
AUDIT	2 APRIL	Council financial outturn: December	Senior Manager: Finance & Revenues
		Corporate Plan Annual Review	Senior Manager: Legal & Governance
		Procurement Strategy Review	Senior Manager: Finance & Revenues
		Exceptions to Contract Standing Orders	Senior Manager: Finance & Revenues
		Internal Audit Plan 2020/21	Audit Manager
		Annual Treasury Report 2019/20	Senior Manager: Finance & Revenues
		External Audit Management Report 2019/20	External Auditor
		Building Security Update	Strategic Director
JUNE 2020			
AUDIT	18 JUNE	Council financial outturn: Year end	Senior Manager: Finance & Revenues
		Funded Organisations 2019/20 – Annual Update	Senior Manager: Partnership & Transformation
		Exceptions to Contract Standing Orders	Senior Manager: Finance & Revenues
		Internal Audit Annual Assurance Report 2019/20	Internal Audit Manager
		Local Government Benchmarking Framework 2018/19	Senior Manager: Partnership & Transformation
		Fraud Strategy	Senior Manager: Legal & Governance
		Corporate Risk & External Audit Actions Update	Senior Manager: Legal & Governance
		Health & Safety Annual Report	Senior Manager: HR & Workforce Planning
		Annual Governance Statement	Senior Manager: Legal & Governance
SEPTEMBER 2020			
AUDIT	24 SEPTEMBER	Financial Statements 2019/20	Senior Manager: Finance & Revenues
		Annual report to those charged with Governance and the Controller of Audit for Financial Year Ended 2019-20	External Auditor
		Internal Audit Progress Report	Internal Audit
		Council financial outturn: June	Senior Manager: Finance & Revenues
		Procurement Annual Report	Senior Manager: Finance & Revenues
		Exceptions to Contract Standing Orders	Senior Manager: Finance & Revenues
		Annual Complaints Report	Senior Manager: Legal & Governance
DECEMBER 2020			

Meeting	Date	Title of Report	Service/Lead Officer
AUDIT	3 DECEMBER	Council financial outturn: August	Senior Manager: Finance & Revenues
		Exceptions to Contract Standing Orders	Senior Manager: Finance & Revenues
		Corporate Risk & External Audit Actions Update	Senior Manager: Legal & Governance
		Internal Audit Progress Report	Internal Audit
		National Scrutiny Plan	Strategic Director
FEBRUARY 2021			
AUDIT	6 FEBRUARY	Council financial outturn: October	Senior Manager: Finance & Revenues
		Annual Fraud Report	Senior Manager: Legal & Governance
		External Audit Planning Report	External Auditor
		Audit Forward Plan	Strategic Director
		Exceptions to Contract Standing Orders	Senior Manager: Finance & Revenues