
Report to: Audit & Scrutiny Committee

Date of Meeting: 9 February 2023

Subject: Internal Audit Progress Report

Report by: Internal Audit Manager

1.0 Purpose

1.1 This report provides an update on 2022/23 Internal Audit work.

2.0 Recommendations

2.1 It is recommended that the Committee notes progress being made with completing the 2022/23 Internal Audit Plan.

3.0 Progress With Completing 2021/22 Internal Audit Plan

3.1 The 2022/23 Internal Audit Plan was agreed by Audit Committee on 27 October 2022. It set out 16 assignment areas to be completed by the team during the year, this includes 10 audit reports to be issued to Clackmannanshire Council (this does not include those reports issued to the Clackmannanshire and Stirling Integrated Joint Board or Central Scotland Joint Valuation Board). Members will recall when approving the Internal Audit Plan it was recognised that it had to be flexible, given that priorities, resource, and Directorate capacity have, and will continue to, fluctuate and change. A summary of progress with planned work is set out at Appendix 1.

3.2 To date, two audit reports have been completed to final report stage. A summary of progress is set out at Appendix 1. The Scope and Executive Summary of the finalised reports are at Appendix 2.

3.3 Over the remainder of 2022/23 Internal Audit will continue to progress the programme of work set out at Appendix 1. As previously advised, however, this is subject to change, and resource will be directed to where it adds most value.

4.0 Conclusions

4.1 The team are making good progress with 2022/23 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

Financial Details

6.1 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

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

Staffing

6.3 No implications other than those set out in the report.

7.0 Exempt Reports

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

8.0 Declarations

8.1 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)

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

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: Internal Audit Plan – Progress at 13 January 2023
- Appendix 2: Summary of Key Findings from Assignments Complete to Final Report – Not Previously Reported to Committee.

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) No

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnerships and Performance	

**Internal Audit Plan 2022/23
Progress at 13 January 2023**

	Client / Directorate	Assignment	Status
Annually Recurring Assignments and Other Client Work			
1.	All Directorates	National Fraud Initiative	Ongoing
2.	All Directorates	Continuous Auditing	Ongoing
3.	Place	Climate Change Act Public Body Duties Audit	Final Report Issued – Substantial Assurance
4.	All Directorates	Consultancy Work	Ongoing
5.	Clacks and Stirling IJB	Agreed audit work at IJB Audit and Risk Committee held on 16 November 2022	Not Started
6.	Central Scotland Valuation Joint Board	Agreed audit work at CSVJB held on 1 July 2022	Fieldwork Underway
7.	All Directorates	Work on Recommendations Outstanding	Ongoing
Committed Assignments			
8.	Partnership and Performance / All Directorates	Non Domestic Rates	Final Report Issued – Substantial Assurance
9.	All Directorates	Building Security	Draft Report Issued
10.	Partnership and Performance / All Directorates	Payroll Transactional Testing	Fieldwork Underway
11.	Partnership and Performance / All Directorates	IT and Information Security Governance	Not Started
12.	People / All Directorates	Purchase Order Arrangements at Clackmannanshire for Adult Social Care	Not Started
13.	All Directorates	Physical Income Security Arrangements	Not Started
14.	Partnership and Performance / People	Leisure Income Follow Up Review	Not Started
15.	People	Refugee Schemes Governance	Not Started
16.	All Directorates	Supplier Set Up and Bank Account Changes	Fieldwork Underway

Summary of Key Findings from Assignments Complete to Final Report – Not Previously Reported to Committee

Assignment	Directorate	Assurance
Non Domestic Rates	Partnership and Performance / All Directorates	Substantial
Scope	Final Report Executive Summary	
<p>The scope of this review was to evaluate and report on the controls established to manage Non Domestic Rates (NDR) transactions, including calculation of rates, changes in liability, exemptions, and reliefs.</p>	<p>NDR income is collected by local authorities, and remitted to the Scottish Government, where it is pooled nationally, and re-distributed back to Councils via the 'General Revenue Grant'. The largest source of funding the Council receives is the General Revenue Grant. This funding includes the monies received from NDR tax collection and amounted to £108m for 2021/22 (2020/21 £102.9m).</p> <p>NDR income is managed and administered on a day to day basis by the Council's Revenues Section. In April 2022, 1,550 NDR bills were issued with a total value of c£17.2M. To ensure that the bills were accurately calculated and had supporting documentation as evidence of any reliefs / changes applied we tested a sample of:</p> <ul style="list-style-type: none"> • 48 bills; • 20 changes of liability bills that had been processed between April and August 2022; and • 41 exemptions. <p>The arrangements for administering and processing NDR bills are compliant with the Scottish Government NDR legislative framework and national guidance.</p> <p>NDR bills were accurately calculated. The Rateable Values applied reconciled to the Central Scotland Assessors Rateable Values and the correct poundage was applied in line with national poundage rates.</p> <p>NDR bills with a change in liability during 2022/23 had supporting documentation in place, and the revised bill was accurately calculated.</p> <p>For empty property and church exemptions we found that the correct exemption was applied and where appropriate, supporting documentation was received.</p> <p>For properties awarded rates relief on their 2022/23 NDR bills we were content that the reliefs had been accurately applied in line with national guidance and supporting documentation was held.</p>	

Assignment	Directorate	Assurance
Climate Change Act Public Body Duties Audit	Place	Substantial
Scope	Final Report Executive Summary	
<p>We undertook validation work on the Council's 2021/22 Annual Report.</p> <p>The Climate Change (Scotland) Act 2009 (the Act), introduced the requirement for public bodies to report on their climate change duties.</p> <p>In line with the timescales from the Act, the Council's annual report had to be submitted to the Sustainable Scotland Network (SSN) by the end of November 2022.</p> <p>Our work focused on reviewing the reporting arrangements and the accuracy of the information in the report.</p>	<p>To ensure consistency of returns across public bodies, the Annual Report format is a standard template split into five areas:</p> <ul style="list-style-type: none"> • Profile of Reporting Body; • Governance, Management, and Strategy; • Corporate Emissions, Targets, and Project Data; • Adaption; and • Procurement. <p>We were able to provide Substantial Assurance on the Council's reporting arrangements and the accuracy of the information set out in each section of the Annual Report.</p> <p>Our previous review of the 2020/21 Public Sector Change Duties Report made the following recommendations: to revise the Sustainability and Climate Change Strategy; establish a Carbon Management Group; and develop the Carbon Management Plan. These recommendations have been addressed with the measures included in the Climate Change Strategy and Net Zero Targets report approved by the Council on 11 August 2022.</p> <p>During the course of our current work, we also identified required actions relating to the Council's Climate Change governance, management, and strategy arrangements. These relate to recording Council projects, carbon budgeting and developing a Climate Change Adaption Strategy. We were advised that work on these is ongoing and will be reflected in future reports.</p>	

