
Report to: Audit & Scrutiny Committee

Date of Meeting: 30 October 2025

Subject: Internal Audit Progress Report

Report by: Internal Audit Manager

1.0 Purpose

- 1.1 This report provides an update on progress with completion of the 2024/25 and 2025/26 Internal Audit Plans.
- 1.2 The report also sets out the work required to demonstrate compliance with the Global Internal Audit Standards.

2.0 Recommendations

- 2.1 It is recommended that the Committee notes:
- the completion of the 2024/25 Internal Audit Plan and progress with completion of the 2025/26 Internal Audit Plan; and
 - the update relating to the work on compliance with the Global Internal Audit Standards.

3.0 Completion of the 2024/25 Internal Audit Plan

- 3.1 The 2024/25 Internal Audit Plan set out fifteen assignment areas to be completed by the team during the year. Of these fifteen assignment areas, nine Clackmannanshire Council audit reports were required. The nine audit reports did not include those reports issued to the Central Scotland Valuation Joint Board (CSVJB), or the Clackmannanshire and Stirling Integration Joint Board (CSIJB).
- 3.2 At the June 2025 Audit and Scrutiny Committee Internal Audit reported that of the nine audit reports:
- five audit reports have been completed to final report stage (as part of our committed assignment programme of work). These included:
 - School Admissions;
 - IT and Information Security Governance;
 - Climate Change Act Public Body Duties Audit;
 - Asbestos Management Arrangements; and
 - Follow Up of the Review of Leisure Banking.

- three audit reviews were currently in progress and would be reported to a future Audit and Scrutiny Committee. These reviews include Community Benefits; Capital Arrangements; and Follow Up of Grade 1 Recommendations; and
 - one (the Follow Up of the Review of Purchase Order Arrangements for Adult Social Care) had not been started and was deferred into the 2025/26 Internal Audit Plan.
- 3.3 The three remaining audits (mentioned above at paragraph 3.2) in the 2024/25 Internal Audit Plan have now been finalised. A summary of progress is set out at **Appendix 1**.
- 3.4 Details on the scope of, and findings arising, from the three finalised reviews not previously reported to Committee are at **Appendix 2**. The assurance is provided in line with the definitions at **Appendix 4**.

Progress with Completion of the 2025/26 Internal Audit Plan

- 3.5 The 2025/26 Internal Audit Plan was agreed at Committee on [12 June 2025](#). It sets out seventeen assignment areas to be completed by the team during the year. This includes eight audit reports to be issued to Clackmannanshire Council (those eight audit reports do not include those assignments or reports undertaken and issued to the Central Scotland Valuation Joint Board¹). Of these eight audit reports:
- 1 audit review (Building Security) has been completed to final report stage (as part of our committed assignment programmes of work);
 - 3 audit reviews (Climate Change, Follow Up of the Review of Purchase Order Arrangements at Clackmannanshire Council for Adult Social Care, and Council Tax Refunds) are currently in progress and will be reported to a future Committee; and
 - 4 have not been started. These reviews include Stirling and Clackmannanshire City Region Deal; Disposal of IT Equipment; Stores Management; and Medication in Schools.
- 3.6 A summary of progress is set out at **Appendix 1**. Details on the scope of, and findings arising, from the one review finalised is at **Appendix 3**. The assurance is provided in line with the definitions at **Appendix 4**.

4.0 Compliance with Global Internal Audit Standards (GIAS)

- 4.1 The new GIAS and accompanying Application Note: GIAS in the UK Public Sector issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) came into force from 1 April 2025. These replace the Public Sector Internal Audit Standards (PSIAS).

¹ Other client work in 2025/26 only includes the Central Scotland Valuation Joint Board and not the Clackmannanshire and Stirling Integration Joint Board. From 2025/26 (for the next three years), the internal audit provision for Clackmannanshire and Stirling Integration Joint Board has passed to Stirling Council.

- 4.2 While there is significant overlap between the PSIAS and the GIAS, we are currently undertaking a gap analysis exercise to identify areas which will need to be addressed to demonstrate compliance with the GIAS. Using the results of this gap analysis, we will produce an action plan for implementing the changes. This will include the production of an Internal Audit Strategy as well as updates to the Internal Audit Manual and Charter, which will be presented to Committee in due course.

5.0 Conclusions

- 5.1 We are making reasonable progress with the 2025/26 Internal Audit work. This will contribute to a balanced and evidenced based year end opinion on arrangements for risk management, governance, and control.

6.0 Sustainability Implications

- 6.1 None Noted.

7.0 Resource Implications

Financial Details

- 7.1 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 ☐
- 7.2 Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☐

Staffing

- 7.3 No implications other than those set out in the report.

8.0 Exempt Reports

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

9.0 Declarations

- 9.1 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**

Complies with relevant Council Policies

☐

10.0 Impact Assessments

10.1 Have you attached the combined equalities impact assessment to ensure compliance with the public sector equality duty and fairer Scotland duty? (All EFSIAs also require to be published on the Council's website)

Yes ☐

10.2 If an impact assessment has not been undertaken you should explain why:

An Equality Impact Assessment (EQIA) and Fairer Scotland Duty Assessment have not been prepared as this is a progress report and does not relate to a new policy or strategy.

11.0 Legality

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

Yes ☐

12.0 Appendices

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

- Appendix 1: Progress with Internal Audit Plans 2024/25 and 2025/26
- Appendix 2: Internal Audit Plan 2024/25 Assignment Outcomes
- Appendix 3: Internal Audit Plan 2025/26 Assignment Outcomes
- Appendix 4: Definition of Internal Audit Assurance Categories and Classification of Recommendations

13.0 Background Papers

13.1 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
Chris Alliston	Strategic Director, Partnership and Performance	

INTERNAL AUDIT PLAN

Summary of Progress with 2024/25 Internal Audit Plan

Outstanding Assignments not reported as part of the Annual Assurance Report in 2024/25 (as per 2024/25 Internal Audit Plan)			
	Directorate	Assignment	Progress Status
Committed Assignments			
10.	Partnership and Performance	Community Benefits	Final Report Issued
13.	All Directorates	Follow Up of Grade 1 Recommendations	Final Report Issued
14.	Partnership and Performance / All Directorates	Capital Arrangements	Final Report Issued

Summary of Progress with 2025/26 Internal Audit Plan

Planned Assignments (as per 2025/26 Internal Audit Plan)			
	Directorate	Assignment	Progress Status
Annual Recurring Assignments			
1.	Internal Audit	Global Internal Audit Standards: Self Assessment	In Progress
2.	Internal Audit	Strategic Annual Planning and Annual Assurance Work	Ongoing
3.	Internal Audit	Audit Committee / Working Group preparation and attendance	Ongoing
4.	Internal Audit	Team Management and other related tasks	Ongoing
5.	All Directorates	Continuous Auditing	Ongoing Assurance
6.	All Directorates	National Fraud Initiative	Ongoing Assurance
7.	All Directorates	Consultancy Work	Ongoing Assurance
8.	All Directorates	Work on Recommendations Outstanding	Ongoing Assurance
9.	Place	Validation Work Requests	Ongoing Assurance
10.	Place	Climate Change Act Public Body Duties Audit	In Progress

Planned Assignments (as per 2025/26 Internal Audit Plan)			
	Directorate	Assignment	Progress Status
Committed Assignments			
11.	Partnership and Performance / Health and Social Care Partnership	Follow Up of the Review of Purchase Order Arrangements at Clackmannanshire Council for Adult Social Care	In Progress
12.	All Directorates	Stirling and Clackmannanshire City Region Deal	Not Started
13.	Partnership and Performance	Disposal of IT Equipment	Not Started
14.	All Directorates	Building Security	Final Report Issued
15.	Place	Stores Management	Not Started
16.	Partnership and Performance	Council Tax Refunds	In Progress
17.	People	Medication in Schools	Not Started
Other Client Work			
18.	Central Scotland Valuation Joint Board	The Internal Audit Plan for 2025/26 was presented to the Central Scotland Valuation Joint Board on 27 June 2025.	Not Started

INTERNAL AUDIT PLAN 2024/25 ASSIGNMENT OUTCOMES

**Summary of Key Findings from Reviews Complete to Final Report
Not Previously Reported to Committee**

Review	Directorate	Assurance
Community Benefits	Partnership and Performance	Limited / No Assurance
Scope	Final Report Summary	
The purpose of this review was to sample check contracts to understand if community benefits were agreed as part of the award of the contract; and if they have been completed, monitored, and reported appropriately. Community benefits are one element of a broader approach to local economic development known as Community Wealth Building (CWB). Clackmannanshire Council is one of five areas that have worked with the Scottish Government to produce a bespoke CWB action plan. This action plan has four recommendations to strengthen the Community Benefits approach within a broader theme of Procurement and Commissioning. One key outcome from the CWB action plan was the introduction of the 'Community Benefits Wishlist' (the Wishlist). This is a list of financial and non-financial supports requested by third-sector organisations within Clackmannanshire that is designed to support commissioners and bidders to easily incorporate community benefits into contracts. The Wishlist was developed by the Council and the Clackmannanshire Third Sector Interface (CTSI), who are responsible for the ongoing hosting and management of the Wishlist. The Procurement Reform (Scotland) Act 2014 (the Act) introduced the requirement to consider including Community Benefits Clauses² in regulated procurements of over £4m. Clackmannanshire Council's approach to community benefits goes further, with their Contract	We are content that: • All of the template procurement documentation that we reviewed, with the exception of Form 1, is designed in a way that supports the inclusion of community benefits in all tenders. • Work is ongoing by the Economic Development team to support the effective use of Community Benefits Clauses in some larger contracts. • Engagement with the CTSI has led to the formation of the Wishlist, which lists financial and non-financial supports³ requested by third sector organisations within Clackmannanshire. • The Procurement Manager and Economic Development team are aware of the shortcomings in the community benefits process and are keen to improve the process. • The Procurement Manager runs a bi-monthly Procurement Matters meeting to which all Council officers are welcome to attend. The meetings aim to share information and give attendees an avenue to access guidance and support. Members of the Economic Development team also attend and are able to provide community benefits advice. Mandating the inclusion of community benefits in all tenders is an ambitious approach, unless there are explicit reasons why this is not appropriate. We found the following shortcomings that hinder the Council's ability to maximise their potential: • The Procurement Strategy is out of date and does not include a policy statement around the use of community benefits. This impacts on the Council's ability to take a consistent approach to determining where community benefits requirements are not appropriate, or in determining which community benefits to incorporate to support the Council's policy objectives. • There is not a standard training package to educate Contract Responsible Officers (CROs) on the use of community benefits, leading to misunderstandings about what qualifies as a community benefit as per the Act. For example, some CROs stated that the delivery of the contract itself is a community benefit, therefore, no additional asks were required. This means that community benefits are not being requested in contracts where they may have been suitable and / or easy to deliver. • While procurement forms and templates are written to accommodate community benefits as a standard part of any tendering exercise, we noted that Form 1 only requires community benefits to be included in tenders of £4m or over, and that the community benefits elements of paperwork we reviewed had not been fully completed and did not appear to have been subject to review. This means that opportunities for interventions and engagement around community benefit inclusion are missed. The fact that we have seen no evidence of challenge or oversight of incomplete paperwork means that we can give no assurance as to the operation of procurement processes designed to support community benefit uptake. • There is no central system for recording the community benefits agreed, with the only way to review this being to manually access each 'Form 2'. Nor is there any means for tracking their delivery. As a result, there is no visibility	

² Procurement Reform (Scotland) Act 2014, Section 24: "A Community Benefit Clause is a "contractual requirement relating to training or recruitment or the availability of sub-contracting opportunities which is intended to improve the economic, social, or environmental wellbeing of the authority area, additional to the main purpose of the contract."

³ Requests include gardening equipment, work experience placements, mock interviews, repairs, training, and financial donations.

Standing Orders stating that “the use of community benefit and wealth building clauses will be incorporated in tenders as the default position unless there are explicit reasons why this is not appropriate”. As tenders are required for all contracts valued at £50k and above, this means that Clackmannanshire Council are committed to include community benefits clauses by default for all contracts valued at or over £50k. There is not a written Community Benefit process (or Procurement Process), rather a series of template documents are provided that contain guidance text. For further guidance, Contract Responsible Officers (CROs) are signposted to ‘The Procurement Journey’ website.	over what community benefits are being achieved and we cannot give any assurance over the monitoring of delivery. • The Annual Procurement Report (APR) is not compliant with the reporting requirements as per the Act and its statutory guidance. This is because it does not give a summary of the community benefits delivered in the year. This is currently impossible to do given the lack of monitoring discussed above, and we can give no assurance as to the reporting of delivered community benefits. • Opportunities for maximising the impact of community benefits are not being taken, for example: ○ Use of the CTSI Wishlist as the default “ask” means that opportunities to contribute to Clackmannanshire’s strategic objectives around promoting local employment are missed. ○ There is no procedure or monitoring of the community benefits being redeemed via Scotland Excel frameworks. ○ Our sample testing found that community benefits are not routinely included in call-offs from national frameworks. We have, therefore, made the following recommendations to address these issues: • Draft a Community Benefits policy statement for inclusion in the Procurement Strategy. • Revise procurement forms and templates to align with the Contract Standing Orders and support improved oversight of the community benefits element of the procurement process. • Identify and consider how to meet training needs to best support CROs in understanding their roles and responsibilities, as well as how to maximise the potential community benefits. • Develop a system for recording agreed community benefits and capture delivery of agreed benefits. • Create a process for utilising community benefit points accrued via Scotland Excel. • Develop and operate a pilot scheme which involves Economic Development in the community benefits process for all high-value contracts. We can provide LIMITED ASSURANCE in relation to the design of procurement processes to support the inclusion of community benefits in all appropriate tenders. We can, however, provide NO ASSURANCE as to the operation of procurement processes to support the inclusion of community benefits in all relevant tenders, particularly in terms of oversight; around the adequacy of the Council’s processes for capturing data on the agreed community benefits; around the monitoring of delivery; or the annual reporting process. Fourteen recommendations were made and accepted in total. There were two recommendations at grade 1, nine recommendations at grade 2, and three recommendations at grade 3. Grading classification is detailed at Appendix 4. All recommendations to be implemented by Responsible Owners by 31 March 2026 with the earliest recommendations / accepted actions being completed by 31 August 2025.
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Appendix 2

Review	Directorate	Assurance					
Follow Up of Grade 1 Recommendations	All Directorates	Limited Assurance					
Scope	Final Report Summary						
The purpose of this review was to report on the status of all Grade 1 recommendations to establish if related agreed management actions have been implemented. The practice of grading audit recommendations was first approved as part of the 2022/23 Internal Audit Plan. All recommendations are graded on a scale of 1 to 3 with detailed descriptions of each grade at Appendix 4. The grading of audit recommendations helps ensure that recommendations can be addressed according to priority with grade 1 recommendations having the greatest risk and, therefore, the highest priority. In line with normal practice, details of all agreed recommendations (including agreed action and action due dates) were added to the Corporate Performance Management System (Pentana) by Internal Audit, with ownership of each recommendation allocated to an appropriate Council Officer. Thereafter, the responsible Officer must ensure timely implementation of their recommendations and update Pentana with details of progress.	A summary of our findings is set out in Table 1.						
	Table 1: Status of all Grade 1 Recommendations and Agreed Actions at April 2025						
		Total Number of Recommendations	Number of Grade 1 Recommendations	Agreed Action ⁴	Implemented	Partially Implemented	Not Implemented
	2022/23						
	Building Security	40	17	17	14	3	-
	Payroll Transactional Testing	10	6	9	9	-	-
	Physical Income Security Arrangements	20	6	11	10	1	-
	Supplier Set Up and Bank Account Changes	11	2	3	1	1	1
	2023/24						
	Public Bodies Climate Duties 2022/23	6	1	1	-		1
	Overtime Arrangements	12	7	19	15	4	-
	2024/25						
	School Enrolments / Admissions Policy	8	1	1	1	-	-
	Adult Social Care Potential Overpayments Phase 1	11	4	5	3	2	
	Adult Social Care Potential Overpayments Phase 2	3	2	2	2	-	-
	Totals	121	46	68	55	11	2
	In summary, of the 68 Grade 1 recommendations agreed actions reviewed we found that 81% (55) had been implemented, 16% (11) were partially implemented, and 3% (2) were not implemented. We also noted 5 recommendations that had been marked on Pentana as implemented, but after Internal Audit review were deemed as being partially implemented. Consideration should be given to changing the recommendation status on Pentana and taking the necessary action to implement them.						
	In addition to reviewing the status of the Grade 1 recommendations above, the agreed action completion dates were reviewed to ensure timely implementation. This involved comparing the action due dates and the action completion dates on Pentana ⁵ . We did, however, find that there were significant delays in completing the recommendations by their due date as demonstrated in Table 2 overleaf. Only 4% (3 out of 68) of these recommendations were closed within the agreed timescales.						
	Table 2: Comparison of all Grade 1 Recommendations Agreed Actions Due Dates and Completed Dates on Pentana						

⁴ Recommendations with more than one responsible owner have more than one entry on Pentana, therefore, have multiple entries.

⁵ Action completion date reflects the date it was completed on Pentana and not necessarily the date the action was undertaken.

	Outstanding and Not Completed	Completed by Due Date	Completed up to 150 days after Due Date	Completed between 151 and 250 days after Due Date	Completed over 250 days after Due Date
Number (68 recommendations)	11	3	19	10	25
Percentage (%)	16%	4%	28%	15%	37%

Over half of those recommendations (52% / 35 out of 68) were delayed by over 150 days. Grade 1 recommendations (as detailed above) are critical to the achievement of strategic objectives, and failure to complete them within agreed timeframes exposes the Council to additional risks. As part of a sound governance, risk, and control framework, Internal Audit recommendations, especially Grade 1 recommendations, should be prioritised and implemented within the agreed timeframe.

This review found that 81% (55) of all Grade 1 recommendations have been implemented which demonstrates a commitment to addressing high risk issues, which will have a positive impact on control across the Council. It was highlighted in the 2022/23 Internal Audit Annual Assurance Report that due to the number of recommendations arising from six finalised audit reports, and given the number of reports where the level of assurance had fallen below substantial assurance, it was imperative that remedial action was taken on these recommendations as a matter of priority. Then in the 2023/24 Internal Audit Annual Assurance Report it was noted that our review of Pentana highlighted that there were several outstanding recommendations from 2022/23. Finally, in the 2024/25 Internal Audit Annual Assurance Report we were content to note that actions / recommendations were being input to Pentana timeously at that time, however, they needed to be input accurately as specified in the Internal Audit reports and that it was imperative going forward that Internal Audit recommendations were monitored more closely to allow actions / recommendations to be prioritised and implemented (within the agreed Action Due Dates where possible or as close to that date thereafter). Internal Audit continue to work with the Strategic Director of Partnership and Performance to ensure that more analysis and housekeeping of the data is undertaken.

We, therefore, acknowledge that this position has improved over the last three years and that the timely implementation of recommendations is deemed to be critical to safeguarding the Council's operations. Given the significance of Grade 1 recommendations, however, and that 19% (13) have not been fully implemented, with 6 of these still remaining from 2022/23 audits, as well as the significant delays identified in completion dates recorded on Pentana, we believe that further action is required. This is via the prioritisation of the completion of the outstanding recommendations (both not implemented and partially implemented). The continued reporting to Committee on recommendation implementation progress by the Strategic Director will strengthen the commitment to ensuring that all Grade 1 recommendations are implemented timeously.

We can provide **LIMITED ASSURANCE**, with two recommendations made and accepted. One recommendation was a grade 1 with the other at grade 2. Grading classification is detailed at **Appendix 4**.

Both recommendations should be implemented by Responsible Owners by 31 December 2025.

Review	Directorate	Assurance
Capital Arrangements	Partnership and Performance / All Directorates	Substantial / Limited Assurance
Scope	Final Report Summary	

In accordance with the Council's Financial Regulations, revenue and capital budgets⁶ are prepared by Chief Officers (in conjunction with the Chief Finance Officer) each year for consideration by full Council. Council first approved a 20-year rolling General Fund programme of capital investment in its budget for 2021/22 (covering the years 2021/22 to 2040/41). This programme is reviewed annually by officers and Elected Members, with new capital bids being submitted each year as part of the budget setting process. The Council's Capital Strategy and General Fund capital programme are approved by Elected Members at the same time as the annual Revenue Budget. The latest capital programme (for 2025/26 to 2044/45) was approved by the Council on 27 February 2025. The total planned investment over the next 20 years is £248 million. The Council also separately approves a five-year rolling Housing Revenue Account (HRA)⁷ capital investment programme at the same time as the annual HRA revenue budget. The latest HRA capital programme (for 2025/26 to 2029/30) was approved by the Council on 30 January 2025. The total	The Capital Strategy is a requirement of the CIPFA Prudential Code and Treasury Management Code. It provides a framework for the preparation, implementation, and monitoring of the capital programmes. The Capital Strategy is designed to provide a high-level overview of how capital expenditure, capital financing, and treasury management activity contributes to the provision of services. The latest version of the Capital Strategy is included in the Treasury Management Strategy Statement 2025/26, which was approved by Council on 27 February 2025. The Council's capital programmes (General Fund and HRA) are approved by Elected Members, with responsibility for oversight being delegated to Strategic Directors in conjunction with Finance Services (from the Partnership and Performance Directorate). Service Project Leads and budget holders are responsible for delivering the programmes. In addition to quarterly reporting on the capital programme to the Audit and Scrutiny Committee via Council Financial Performance Reports, there is scrutiny and monitoring by the Capital Operations Group. The group was re-established in September 2023 as part of the 2024/25 budget setting process to monitor the Council's capital expenditure, with an overview included in Budget Strategy Update reports to the Council. We were content that: • the Budgetary Control Framework document (which provides a framework for the effective control of the Council's revenue and capital budgets) includes the responsibilities of the Chief Finance Officer and of budget holders; • the Capital Operations Group has been established to monitor the Council's capital expenditure; • quarterly outturn reports from Technology One⁸ are included in the Financial Performance reports that are shared with the Capital Operations Group and are submitted to the Audit and Scrutiny Committee; • an annual review by officers and Elected Members of both the 20-year rolling General Fund (the latest version covers 2025/26 to 2044/45), and the five-year rolling HRA (the latest version is for 2025/26 to 2029/30), capital investment programmes is taking place; • any new capital bids are appropriately reviewed before their inclusion in the revised capital programme is decided by Elected Members; • there is compliance with sections 3.1, 3.3, 4.3, and 5 of the Council's Financial Regulations (these sections relate to the preparation and monitoring of capital budgets, and to virements); • progress has been made to complete the capital programme element of the November 2024 Best Value action plan; • a project board has been established to monitor the Wellbeing Hub and Lochies School project in Alloa. Briefing papers are produced each month and meetings of the project board are due to be held every second month; • there is sufficient budget in the capital programmes for current projects; and • measures are in place that contribute to the reduction of the risks associated with HRA capital programme overspends and assist with preventing and timeously identifying these overspends. We identified some significant weaknesses, however, in the existing framework of control. We have, therefore, made the following recommendations to enhance the risk, control, and governance systems that are currently in place and to enable good practice to be followed: • To ensure that the remit, function, and membership of the Capital Operations Group is documented, a Terms of Reference for the group should be prepared, agreed, and subject to regular review.
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⁶ Revenue expenditure is the day-to-day costs of running the Council services. Capital expenditure is money invested into large-scale, long-term investments such as new schools, infrastructure, and asset improvements. Capital investment is also required for roads, street lighting, school buildings, ICT, Council vehicles, and parks.

⁷ Income and expenditure in relation to a local authority's own direct provision of housing (Council houses and the provision of services to tenants) must be recorded separately within a Housing Revenue Account (HRA) as laid out in Section 203 of the [Housing \(Scotland\) Act 1987](#). It is a ring-fenced account, which means that the Council must collect sufficient income from rents to cover HRA expenditure. The HRA capital investment programme includes housing improvements, property acquisitions, and new build housing. In addition to tenants' rents, this is funded by borrowing (repaid by the HRA as loan charges) and Scottish Government grant funding.

⁸ The Council's finance system.

planned investment over these five years is £81.378 million. As with the General Fund, the HRA capital programme is reviewed each year by officers and by Elected Members. The purpose of this review was to evaluate and report on the controls established to ensure that planning, approval, monitoring, and reporting arrangements are followed in Capital activity that is undertaken.	• To ensure that there is an accurate record of any decisions taken or of any discussion, minutes should be prepared for every meeting of the Capital Operations Group. To ensure that there is appropriate attendance at these meetings, and to mitigate the risk of some projects not being represented, the attendees from each Service should be regularly reviewed (this is important if the group is overseeing projects that relate to these Services). • To ensure that the group evaluates its own effectiveness in carrying out its responsibilities, identifies areas for improvement, and ensures that it is meeting its goals and obligations, the Capital Operations Group should consider completing an annual self-assessment. • To mitigate the risks caused by slippage in the capital programme, consideration should be given to what action can be taken to reduce the significant level of underspending each year. • To help to ensure that any agreed actions are implemented on schedule, details of the quarterly meetings between the Capital Accountant, Capital Project Manager, and Service Project Leads should be appropriately recorded. • To demonstrate the effective management of the capital programme, as well as transparency and accountability, consideration should be given to generating and reporting performance indicators for the capital programme. • To determine how overspends of almost £1.7 million on the 2023/24 HRA capital programme were not stopped or reported as a concern earlier so lessons can be learned for future years, the ongoing review by Senior Management of these overspends should be completed as a priority, with the outcome reported to the Audit and Scrutiny Committee⁹. • To ensure that it includes all completed projects and that post project reviews are being promptly conducted, arrangements should be established for monitoring the Lessons Learned Log. The log should also be regularly reported to the Capital Operations Group to ensure that the necessary action is taken (applying lessons learned to future projects). In addition, to help ensure that lessons learned from past projects are incorporated into future projects, the processes for doing so should be documented. In relation to the adequacy of the arrangements in place for the planning, approval, monitoring, and reporting of Capital activity, we have split the audit assurance level. We can, therefore, provide SUBSTANTIAL ASSURANCE for the frameworks that are in place¹⁰ and LIMITED ASSURANCE for the application of these frameworks. In summary, eight recommendations were made and accepted. There was one recommendation at grade 1 and seven recommendations at grade 2. Grading classification is detailed at Appendix 4. Two recommendations have already been implemented and of the remaining six, the dates range from 31 October 2025 to 30 June 2026.
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⁹ The Audit and Scrutiny Committee was advised in October 2024 that this review was in progress.

¹⁰ For example, the Budgetary Control Framework, Capital Operations Group, annual reviews of the capital investment programmes, quarterly monitoring of expenditure, and compliance with the Council's Financial Regulations.

INTERNAL AUDIT PLAN 2025/26 ASSIGNMENT OUTCOMES

**Summary of Key Findings from Reviews Complete to Final Report
Not Previously Reported to Committee**

Review	Directorate	Assurance				
Building Security	All Directorates	Substantial / No Assurance				
Scope	Final Report Summary					
The purpose of this review is to evaluate and report on the adequacy of the controls in place to ensure that Clackmannanshire Council's operational buildings, and contents, are secure. As at July 2025, Clackmannanshire Council had a total of 55 operational buildings. On 13 and 19 August 2025 we undertook unannounced visits to a sample of fifteen operational buildings and reviewed the physical security measures in place at each building to prevent unauthorised access. Emphasis was placed on buildings in which vulnerable people were located (e.g. pupils and elderly residents) as well as revisiting sites where we have obtained unauthorised access previously.	Table 1 below sets out the sample of buildings visited during this review and the outcomes from attempts to gain unauthorised access to the buildings (and their contents) from previous reviews in 2018/19, 2019/20, and 2022/23.					
	Table 1: Operational Buildings Visited by Internal Audit					
	Building	Directorate	2018/19 Unauthorised Access	2019/20 Unauthorised Access	2022/23 Unauthorised Access	2025/26 Unauthorised Access
	Kilncraigs	Partnership and Performance	Yes	N/A	Yes	No
	Bowmar Community Centre	People	N/A	N/A	N/A	Yes
	Tower / Nursery School	People	N/A	N/A	N/A	No
	Forthbank Roads Depot	Place	Yes	N/A	Yes	Yes
	Alloa Town Hall	People	N/A	Yes	No	No
	Ludgate House	People	Yes	N/A	No	No
	Redwell Primary School	People	N/A	N/A	N/A	No
	Alva Primary School	People	N/A	N/A	N/A	No
	Alva Academy	People	Yes	N/A	Yes	Yes
	Whins Resource Centre	People	N/A	Yes	Yes	No
	Sauchie Day Nursery	People	N/A	N/A	N/A	No
	Fishcross Primary School	People	N/A	N/A	N/A	No
	Coalsnaughton Primary School	People	N/A	N/A	N/A	No
	Strathdevon Primary School	People	N/A	N/A	N/A	No
	Muckhart Primary School	People	N/A	N/A	N/A	No
	There were two buildings where unauthorised access was gained in the previous reviews (Forthbank Roads Depot and Alva Academy in 2018/19 and 2022/23) and again during this review. Improvement in security measures were noted for two ¹¹ buildings where Internal Audit had previously gained unauthorised access in 2022/23 as no unauthorised access was gained during this review. Robust security measures were found to be in place to prevent and deter unauthorised access to 80% (12) of the sampled buildings. These included, for example, a combination of two or more of the following controls:					

¹¹ Kilncraigs and Whins Resource Centre.

	• perimeter fencing around the building and its grounds; • staff vigilance in providing challenge to visitors; • remote locking entry doors secured by Paxton ID scanners to the main reception areas; • locked and secure external doors (e.g. fire exits); • CCTV cameras; and • intruder alarms. Based on the Partnership and Performance, and People directorates sample of 14 buildings visited, we can provide SUBSTANTIAL ASSURANCE in relation to the adequacy of building security arrangements (see Appendix 4 for assurance category definitions). Whilst we were able to gain unauthorised access to two buildings (Alva Academy and Bowmar Community Centre) we were promptly challenged by a member of staff. Based on the Place sample of one building visited, we can provide NO ASSURANCE in relation to the adequacy of building security arrangements (see Appendix 4 for assurance category definitions). We were able to gain unauthorised access to the Forthbank Roads depot and found there to be a number of significant weaknesses that could result in serious risk to the Council and require to be urgently addressed, including: • unauthorised access to depot buildings containing roads materials, Personal Protective Equipment, tools / machinery, staff personal belongings, and vehicle / depot keys; • unauthorised entry was gained to three unlocked Council vehicles and an unlocked piece of plant resembling a telehandler, with the keys left in the ignition of one of the vehicles; and • no challenge was provided to Internal Audit during the duration of our visit (approx. 15 minutes) as no Council personnel were present at the site. Ten recommendations were made and accepted in total. There were five recommendations at grade 1, four recommendations at grade 2, and one recommendations at grade 3. Grading classification is detailed at Appendix 4. All recommendations to be implemented by Responsible Owners by 31 October 2025.
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DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

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

CLASSIFICATION OF RECOMMENDATIONS

Classification of Recommendations		
Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently, management needs to address and seek resolution urgently.	Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt, but not immediate action by management.	Grade 3: Less significant issues and / or areas for improvement which we consider merit attention, but do not require to be prioritised by management.

