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**Report to: Audit Committee**

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**Date of Meeting: 30 September 2021**

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**Subject: Internal Audit Update Report**

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**Report by: Internal Audit Manager**

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**1.0 Purpose**

1.1. This report provides an update on 2021/22 Internal Audit work.

**2.0 Recommendations**

2.1. It is recommended that the Committee notes progress being made with completing the 2021/22 Internal Audit Plan.

**3.0 Progress With Completing 2021/22 Internal Audit Plan**

3.1 The 2021/22 Internal Audit Plan was agreed by Audit Committee on 29 April 2021. It set out 15 assignment areas (17 reviews) to be completed by the team during the year. 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 as a result of COVID-19. A summary of progress with planned work is set out at Appendix 1.

3.2 To date, 3 assignments have been completed to final report stage. A further 6 are in progress or have been completed to draft report stage. A summary of progress is set out at Appendix 1. The Scope and Executive Summary of each finalised report is at Appendix 2.

3.3 Over the remainder of 2021/22 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 2021/22 Internal Audit work. This will contribute to a balanced and evidenced based year end opinion on arrangements for risk management, governance, and control.

**5.0 Sustainability Implications**

5.1. None Noted.

## 6.0 Resource Implications

### 6.1. Financial Details

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

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

### 6.4. Staffing

## 7.0 Exempt Reports

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

## 7.0 Declarations

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

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

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

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

## 8.0 Equalities Impact

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

Yes  No

## 9.0 Legality

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

## 10.0 Appendices

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

- Appendix 1: Internal Audit Plan – Progress at 06 September 2021
- Appendix 2: Summary of Key Findings Arising from Assignments Complete to Final Report

## 11.0 Background Papers

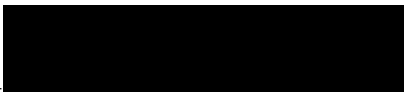
11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

### Author(s)

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### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnerships and Performance	



## INTERNAL AUDIT PLAN 2021/22 – PROGRESS AT 06 SEPTEMBER 2021

	Client / Directorate	Assignment	Status
<b>Other Client Work</b>			
1.	Central Scotland Valuation Joint Board	Records Management	Not Started
2.	Clacks and Stirling IJB	To Be Confirmed by IJB Chief Internal Auditor	Not Started
<b>Annually Recurring Assignments</b>			
3.	All Directorates	National Fraud Initiative	<b>In Progress</b> – Ongoing
4.	All Directorates	Continuous Auditing	<b>In Progress</b> – Ongoing
5.	Place	Climate Change Act Public Body Duties Audit	Not Started
6.	All Directorates	Consultancy Work	<b>In Progress</b> – Ongoing
<b>Committed Assignments</b>			
7.	Place / All Directorates	COVID 19 Grants: <ul style="list-style-type: none"> <li>• Discretionary Fund</li> <li>• Contingency Fund / Contingency Fund Plus</li> <li>• Taxi and Private Hire Driver Support Fund / Taxi and Private Hire Vehicle Driver and Operator Support Fund</li> </ul>	<b>3 x Final Reports Issued</b> – Substantial Assurance
8.	Partnership and Performance / All Directorates	Staff Wellbeing and Support Arrangements	<b>Fieldwork Underway</b>
9.	Place / All Directorates	Legionella Management Arrangements	<b>Fieldwork Underway</b>
10.	Partnership and Performance / All Directorates	Social Media	<b>Draft Report Issued</b>
<b>Indicative Assignments</b>			
11.	Place / All Directorates	Operational Fleet – Management and Monitoring	Not Started
12.	Place / All Directorates	Non Domestic Rates	Not Started
13.	All Directorates	Savings Tracking	Not Started
14.	People	Leisure Banking	Not Started
15.	All Directorates	Contract Management and Monitoring	Not Started

## Summary Of Key Findings Arising from Assignments Complete to Final Report

Assignment	Directorate	Assurance
COVID 19 Grants – Discretionary Fund (Round 1 and Round 2)	Place	Substantial
Scope	Final Report Executive Summary	
<p>As at 28 May 2021 Clackmannanshire Council approved 124 grant applications, resulting in expenditure of £558,000.</p> <p>We reviewed the action taken to assess a sample of 20 grant applications, and the validity of the decisions reached by the Assessing Officers on each occasion.</p>	<p>Comprehensive documentation was held to support the decisions reached by the Assessing Officers for each application in our sample, with robust measures also found to be in place to facilitate the applications assessment and grant payment processes. Appropriate segregation of duties were in place.</p> <p>Our post payment transactional testing involved:</p> <ul style="list-style-type: none"> <li>• getting an overview of the grant application and award process from the staff involved;</li> <li>• ensuring that the Council's log of applications could be reconciled to the information provided on the monitoring return to the Scottish Government;</li> <li>• reviewing the Council's log of applications to ensure that no duplicate or fraudulent applications had been processed; and</li> <li>• reviewing the completeness and accuracy of the supporting documentation for a sample of transactions to ensure that: <ul style="list-style-type: none"> <li>◦ a completed application form had been received;</li> <li>◦ sufficient documentation was submitted along with the application;</li> <li>◦ the payee information on the payment file (that is uploaded onto Techone) was accurate; and</li> <li>◦ no other COVID-19 related support had been received.</li> </ul> </li> </ul> <p>From reviewing the log of applications we also confirmed:</p> <ul style="list-style-type: none"> <li>• the log could be reconciled to the information on the monitoring returns;</li> <li>• no duplicate applications had been processed; and</li> <li>• no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities.</li> </ul>	

Assignment	Directorate	Assurance
<b>COVID 19 Grants – Contingency Fund / Contingency Fund Plus</b>	Place	<b>Substantial</b>
Scope	Final Report Executive Summary	
<p>As at 02 June 2021, Clackmannanshire Council approved 8 applications, resulting in expenditure of £131,250.</p> <p>We reviewed the action taken to assess these 8 grant applications, and the validity of the decisions reached by the Assessing Officers on each occasion.</p>	<p>Comprehensive documentation was held to support the decisions reached by the Assessing Officers for each application in our sample, with robust measures also found to be in place to facilitate the applications assessment process.</p> <p>Our post payment transactional testing involved:</p> <ul style="list-style-type: none"> <li>• getting an overview of the grant application and award process from the staff involved;</li> <li>• reviewing the Council’s log of applications to ensure that no duplicate or fraudulent applications had been processed; and</li> <li>• reviewing the completeness and accuracy of the supporting documentation to ensure that: <ul style="list-style-type: none"> <li>◦ a completed application form had been received;</li> <li>◦ sufficient documentation was submitted along with the application; and</li> <li>◦ the payee information on the payment file (that is uploaded onto Techone) was accurate.</li> </ul> </li> </ul> <p>From reviewing the log of applications we also confirmed:</p> <ul style="list-style-type: none"> <li>• the Contingency Fund Plus applications could be reconciled to the information on the monitoring returns;</li> <li>• no duplicate applications had been processed; and</li> <li>• no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities.</li> </ul> <p>We did, however, identify one area where there was scope for further improving the existing framework of control.</p> <p>The decision to approve a grant application, and subsequently award a grant payment was carried out by the same Officer who assessed the application. We recommended that adequate segregation of duties be put in place for grant application assessment and approval processes to ensure that no Officer has sole responsibility for all elements of a financial transaction.</p>	

Assignment	Directorate	Assurance
<p><b>COVID 19 Grants – Taxi and Private Hire Driver Support Fund / Taxi and Private Hire Vehicle Driver and Operator Support Fund</b></p>	Partnership and Performance	Substantial
Scope	Final Report Executive Summary	
<p>As at 13 August 2021, Clackmannanshire Council approved:</p> <ul style="list-style-type: none"> <li>• 89 Taxi and Private Hire Driver Support Fund applications;</li> <li>• 87 Taxi and Private Hire Vehicle Driver and Operator Support Fund driver payments; and</li> <li>• 11 operator applications.</li> </ul> <p>This resulted in expenditure of £295,000.</p> <p>We reviewed the action taken to assess a sample of:</p> <ul style="list-style-type: none"> <li>• 15 Taxi and Private Hire Driver Support Fund applications / payments;</li> <li>• 15 Taxi and Private Hire Vehicle Driver and Operator Support Fund driver payments; and</li> <li>• 5 Taxi and Private Hire Vehicle Driver and Operator Support Fund operator applications / payments.</li> </ul>	<p>Comprehensive documentation was held to support the decisions reached by the Assessing Officers for all approved applications / payments, with robust measures in place to facilitate the application assessment process.</p> <p>Our post payment transactional testing involved:</p> <ul style="list-style-type: none"> <li>• getting an overview of the grant application and award process from the Assessing Officer;</li> <li>• reviewing the applications / payments to ensure that no duplicate or fraudulent applications / payments have been processed; and</li> <li>• reviewing the completeness and accuracy of the supporting documentation to ensure that: <ul style="list-style-type: none"> <li>◦ a completed application form had been received;</li> <li>◦ a valid licence was held;</li> <li>◦ sufficient documentation was submitted along with the application; and</li> <li>◦ the payee information on the payment file (that is uploaded onto Techone) was accurate.</li> </ul> </li> </ul> <p>From reviewing the applications / payments, we also confirmed:</p> <ul style="list-style-type: none"> <li>• the Taxi and Private Hire Driver Support Fund applications could be reconciled to the information on the monitoring returns;</li> <li>• no duplicate applications had been processed; and</li> <li>• no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities.</li> </ul> <p>We did, however, identify one area where there was scope for further improving the existing framework of control.</p> <p>The decision to approve a grant application, and subsequently award a grant payment was carried out by the same Officer who assessed the application. We recommended that adequate segregation of duties be put in place for grant application assessment and approval processes to ensure that no Officer has sole responsibility for all elements of a financial transaction.</p>	