

CLACKMANNANSHIRE COUNCIL

Report to: Audit and Scrutiny Committee

Date of Meeting: 25 August 2022

Subject: Internal Audit Annual Assurance Report 2021/22

Report by: Internal Audit Manager

1.0 Purpose

- 1.1. This report provides an overall assurance on the Council's arrangements for risk management, governance, and control, based on Internal Audit work undertaken during 2021/22.

2.0 Recommendations

- 2.1. The Committee is asked to note that:

- sufficient Internal Audit work was undertaken to support a balanced assurance;
- Internal Audit can provide **SUBSTANTIAL** assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2022; and
- Internal Audit met, or exceeded, each of its Key Performance Indicators.

3.0 Overall Adequacy of the Council's Control Environment and Summary of Internal Audit Work Undertaken During 2021/22

- 3.1. Financial Regulations are clear that it is senior managers' responsibility to establish and maintain effective and proportionate risk management, governance, and control arrangements. Internal Audit is not an extension of, or substitute for, operational management.
- 3.2. The 2017 Public Sector Internal Audit Standards (the Standards) require the Internal Audit Manager to prepare an Annual Assurance Report. This report should include:
- a statement on the overall adequacy of the Council's control environment;
 - a summary of Internal Audit work undertaken during the year; and
 - a statement on the Internal Audit Section's conformance with the Standards.
- 3.3. This report has been prepared to meet those requirements.

- 3.4. Internal Audit’s Plan for 2021/22 was agreed by the Audit Committee on 27 April 2021. It proposed fifteen assignment areas (seventeen reviews). Sixteen main assignments were completed by Internal Audit during 2021/22. The main change to the Plan over the course of the year was the deferment to 2022/23 of the planned review of Non-Domestic Rates.
- 3.5. Sufficient Internal Audit work was undertaken to support a balanced opinion on the overall adequacy of the Council’s control environment. Internal Audit use a set of Assurance Categories. A summary of these is set out at **Appendix 1**.
- 3.6. On the basis of work undertaken, Internal Audit can provide **SUBSTANTIAL** assurance in relation to the Council’s arrangements for risk management, governance, and control for the year to 31 March 2022.
- 3.7. A summary of work completed over the course of the year is set out at **Appendix 2** with the scope of, and findings arising from, each finalised assignment set out at **Appendix 3**.
- 3.8. Internal Audit measures performance against the following Key Performance Indicators.

Key Performance Indicator	2021/22	2020/21	2019/20
Complete 85% of main audit programme	88%	89%	94%
Have 90% of recommendations accepted	100%	100%	100%
Issue 75% of draft reports within 3 weeks of completion of fieldwork	100%	78%	100%

- 3.9. Actual performance met or exceeded target for all three indicators. Performance dropped slightly in one of the indicators. I am content, however, that this was appropriate and necessary and was due to priorities, resources, and Directorate capacity fluctuating and changing during 2021/22. In overall terms, the programme of work was completed within the agreed time allocation.

4.0 Compliance With Public Sector Internal Audit Standards

- 4.1. Internal Audit seeks to undertake all work in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). These standards have four objectives:
- to define the nature of Internal Auditing within the UK public sector;
 - to set basic principles for carrying out Internal Audit in the UK public sector;
 - to establish a framework for providing Internal Audit services, which add value to the organisation, leading to improved organisational processes and operations; and
 - to establish the basis for the evaluation of Internal Audit performance and to drive improvement planning.

- 4.2. The Standards require the Internal Audit Manager to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self assessment and a five yearly external assessment.
- 4.3. Internal Audit services are provided on the basis of a Joint Working Agreement with Falkirk Council. The Internal Audit Manager undertook a detailed self assessment against the Standards during March 2022. This confirmed continuing compliance with the Standards, and will be subject to independent, external validation as part of a national review process established by the Scottish Local Authorities Chief Internal Auditors' Group.

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:** Definition of Internal Audit Assurance Categories.
- **Appendix 2:** Summary of 2021/22 Internal Audit Programme.
- **Appendix 3:** Details of 2021/22 Internal Audit Programme.

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)
Yes (please list the documents below) No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Isabel Wright	Internal Audit Manager	01324 506342

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnerships and Performance	

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.

Summary of 2021/22 Internal Audit Programme

	Directorate	Assignment	Level of Assurance
Other Client Work			
1.	Central Scotland Valuation Joint Board	Records Management	Reported to Board on 01 July 2022
2.	Clackmannanshire and Stirling IJB	Strategic Commissioning Plan	In Progress - to be reported to IJB Audit Committee
Annually Recurring Assignments			
3.	All Directorates	National Fraud Initiative	Not Applicable – Ongoing Assurance
4.	All Directorates	Continuous Auditing	Not Applicable – Ongoing Assurance
5.	Place	Climate Change Act Public Body Duties Audit	Substantial Assurance
6.	All Directorates	Consultancy Work	No Assurance Level Applicable
Committed Assignments			
7.	Place / All Directorates	Covid-19 Grants: <ul style="list-style-type: none"> • Discretionary Fund • Contingency Fund / Contingency Fund Plus Taxi and Private Hire Driver Support Fund / Taxi and Private Hire Vehicle Driver and Operator Support Fund	3 x Final Reports issued – Substantial Assurance
8.	Partnership and Performance / All Directorates	Staff Wellbeing and Support Arrangements	Substantial Assurance
9.	Place / All Directorates	Legionella Management Arrangements	Substantial Assurance
10.	Partnership and Performance / All Directorates	Use and Control of Social Media	Substantial Assurance
Indicative Assignments			
11.	All Directorates	Savings Tracking	Substantial Assurance
12.	People	Leisure Banking	No Assurance Level Applicable

	Directorate	Assignment	Level of Assurance
Other Client Work			
13.	All Directorates	Contract Management and Monitoring	No Assurance Level Applicable
14.	Place / All Directorates	Operational Fleet – Management and Monitoring	Substantial / Limited Assurance
15.	Place / All Directorates	Non Domestic Rates	Not Started – Included in 2022/23 Internal Audit Plan

Details of 2021/22 Internal Audit Programme

Assignment	Service	Assurance
National Fraud Initiative	All Services	N/A – Ongoing Assurance
Scope	Final Report Executive Summary	
<p>The purpose of the NFI exercise is to review and investigate the outcomes of data matching undertaken by Audit Scotland on behalf of the Cabinet Office. Matches cover areas such as Payroll, Pensions, Housing / Council Tax Benefit, Council Tax Single Person Discount, and Creditors.</p> <p>The Internal Audit Manager acts as Key Contact for NFI, with responsibility for co-ordinating the process of ensuring that relevant matches are followed-up.</p>	<p>The 2020/21 NFI exercise is now complete. The 'high risk' matches have been risk assessed and followed up as appropriate. No instances of fraud or error have been identified.</p> <p>In addition to the core NFI exercise, Clackmannanshire Council participates in a related exercise designed to detect wrongly claimed Council Tax Single Person Discount. As a result of participation in this exercise (which matches Council Tax and Electoral Roll data), 104 cases were reviewed, with 31 cases identified where there was wrongly claimed discount. This totalled £18,400 for recovery.</p> <p>Revised Council Tax demand notices were issued and recovery action is in progress. Recovery action is taken via adjustments to future Council Tax bills.</p>	

Assignment	Service	Assurance
Continuous Auditing	All Services	N/A – Ongoing Assurance
Scope	Final Report Executive Summary	
<p>This involves analysing Creditors payment data (payments to suppliers) to identify potential duplicate payments.</p> <p>We use audit interrogation software to identify matches on invoice date, amount, and number. We then check our initial results on TechOne to identify any cancelled payments; payments made to different suppliers; and duplicate payments already identified (and either cancelled or monies recovered).</p>	<p>For the period April 2021 to March 2022 we identified potential duplicate payments with a value of c£30k. Details of these have been passed to the Chief Finance Officer for appropriate recovery action.</p> <p>As of July 2022, recovery action has been undertaken on potential duplicates identified in 2021/22. This has resulted in recovery of £8,312 so far, with full recovery of the remaining duplicates being progressed.</p>	

Assignment	Directorate	Assurance
Climate Change Act Public Body Duties Audit	Place	Substantial Assurance
Scope	Final Report Executive Summary	
<p>We undertook validation work on the Council's 2020/21 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 has to be submitted to the Sustainable Scotland Network (SSN) by end November 2021.</p> <p>Our work focused on reviewing the reporting arrangements and the accuracy of the information in the report.</p>	<p>To ensure the 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; • Emissions, Targets, and Projects; • Adaptation; 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>During the course of our work we also identified a range of findings relating to the Council's Climate Change governance, management, and strategy arrangements. These are not specific to our validation of the Public Body Duties Annual Report and did not impact on the assurance. We made a recommendation to agree completion dates (including provision of necessary resources to complete these tasks) for:</p> <ul style="list-style-type: none"> • revising the Sustainability and Climate Change Strategy; • providing elected member training on the Climate Emergency; • developing a Regional Energy Masterplan; • establishing Climate Change as a priority within the new Council structure; • establishing a Carbon Management Group; and • developing the Carbon Management Plan and Project Register. 	

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"> • getting an overview of the grant application and award process from the staff involved; • ensuring that the Council's log of applications could be reconciled to the information provided on the monitoring return to the Scottish Government; • reviewing the Council's log of applications to ensure that no duplicate or fraudulent applications had been processed; and • reviewing the completeness and accuracy of the supporting documentation for a sample of transactions to ensure that: <ul style="list-style-type: none"> ◦ a completed application form had been received; ◦ sufficient documentation was submitted along with the application; ◦ the payee information on the payment file (that is uploaded onto Techone) was accurate; and ◦ no other COVID-19 related support had been received. <p>From reviewing the log of applications we also confirmed:</p> <ul style="list-style-type: none"> • the log could be reconciled to the information on the monitoring returns; • no duplicate applications had been processed; and • no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities. 	

Assignment	Directorate	Assurance
COVID 19 Grants – Contingency Fund / Contingency Fund Plus	Place	Substantial
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"> • getting an overview of the grant application and award process from the staff involved; • reviewing the Council's log of applications to ensure that no duplicate or fraudulent applications had been processed; and • reviewing the completeness and accuracy of the supporting documentation to ensure that: <ul style="list-style-type: none"> ◦ a completed application form had been received; ◦ sufficient documentation was submitted along with the application; and ◦ the payee information on the payment file (that is uploaded onto Techone) was accurate. <p>From reviewing the log of applications we also confirmed:</p> <ul style="list-style-type: none"> • the Contingency Fund Plus applications could be reconciled to the information on the monitoring returns; • no duplicate applications had been processed; and • no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities. <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>COVID 19 Grants – Taxi and Private Hire Driver Support Fund / Taxi and Private Hire Vehicle Driver and Operator Support Fund</p>	<p>Partnership and Performance</p>	<p>Substantial</p>
Scope	Final Report Executive Summary	
<p>As at 13 August 2021, Clackmannanshire Council approved:</p> <ul style="list-style-type: none"> • 89 Taxi and Private Hire Driver Support Fund applications; • 87 Taxi and Private Hire Vehicle Driver and Operator Support Fund driver payments; and • 11 operator applications. <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"> • 15 Taxi and Private Hire Driver Support Fund applications / payments; • 15 Taxi and Private Hire Vehicle Driver and Operator Support Fund driver payments; and • 5 Taxi and Private Hire Vehicle Driver and Operator Support Fund operator applications / payments. 	<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"> • getting an overview of the grant application and award process from the Assessing Officer; • reviewing the applications / payments to ensure that no duplicate or fraudulent applications / payments have been processed; and • reviewing the completeness and accuracy of the supporting documentation to ensure that: <ul style="list-style-type: none"> ◦ a completed application form had been received; ◦ a valid licence was held; ◦ sufficient documentation was submitted along with the application; and ◦ the payee information on the payment file (that is uploaded onto Techone) was accurate. <p>From reviewing the applications / payments, we also confirmed:</p> <ul style="list-style-type: none"> • the Taxi and Private Hire Driver Support Fund applications could be reconciled to the information on the monitoring returns; • no duplicate applications had been processed; and • no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities. <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
Staff Wellbeing and Support Arrangements	Partnership and Performance	Substantial
Scope	Final Report Executive Summary	
<p>We reviewed the governance, oversight, and the decision-making structure around staff wellbeing arrangements. This included:</p> <ul style="list-style-type: none"> • roles and responsibilities; the adequacy of policies, procedures, and guidance; and arrangements for ensuring their practical application; and • progress to date with implementing the staff wellbeing related actions that were recorded in the workforce development delivery plan. 	<p>The Council has adapted to the changing environment and has taken a wide range of steps to continue to support the wellbeing of its employees during the Covid-19 pandemic.</p> <p>The Council recognises that workplace wellbeing policies enables people to reach their full potential in the workplace by supporting them with their mental, physical, emotional and psychological health and wellbeing. A new Mental Health, Stress and Wellbeing Policy was approved by the Partnership and Performance Committee in October 2021.</p> <p>The Council can demonstrate a strong commitment to staff wellbeing, with a clear policy and wellbeing approach in place. This includes the involvement of staff representatives / trade unions. There is also an annual staff survey which is part of the Council's commitment to carry out regular review of staff views and opinions.</p> <p>The Council uses the staff intranet, to signpost the wide range of wellbeing information, guidance, and advice; training; and activities and initiatives that in are place. We confirmed that the availability of the information, guidance, and advice; training; and activities and initiatives were being well publicised.</p> <p>The Mental Health, Stress and Wellbeing Policy includes measures to be pursued to ensure good mental health and wellbeing for all staff. We have recommended that consideration is given to how progress with implementing the measures will be monitored and reported.</p>	

Assignment	Directorate	Assurance
Legionella Management Arrangements	Place	Substantial
Scope	Final Report Executive Summary	
<p>We reviewed the overarching arrangements at a corporate level for legionella management. This included:</p> <ul style="list-style-type: none"> • the overall governance and accountability framework and risk management arrangements. To include roles and responsibilities of the Corporate Facilities Team, the Corporate Health and Safety Team, Council staff at operational premises, and contractors; • the adequacy of corporate policies, procedures, guidance; and training, for ensuring consistency and compliance with legislation/regulations; • monitoring and inspection procedures. To include arrangements for ensuring that all maintenance work is undertaken within required timescales, to appropriate standards, and with appropriate records and quality control measures in place; • the adequacy of plans to deal with any legionella incident; and • the accurate and timely production of corporate management information. 	<p>Corporately, we found that a robust internal control framework was in place. The Legionella Policy and Guidance are comprehensive, and set out roles and responsibilities. These were developed in 2018 and we recommended areas where the Policy could be further enhanced.</p> <p>We found that roles and responsibilities for legionella management have been defined, personnel identified, and staff have received appropriate training. The Council has a formally appointed Legionella Responsible Person who is responsible for managing the legionella risk within the Council's Corporate Public Buildings.</p> <p>The services of a specialist contractor have been engaged to provide legionella management services to undertake a check for the bacteria in order to prevent disease and to ensure the health and safety of facilities staff, visitors, and occupants. The contractor completes Legionella Risk Assessments for the Council's Corporate Public Buildings and as a result key risks have been identified. The Legionella Responsible Person reviews the Legionella Risk Assessments to identify any remedial works required.</p>	

Assignment	Directorate	Assurance
Use and Control of Social Media	Partnership and Performance / All Directorates	Substantial
Scope	Final Report Executive Summary	
<p>We reviewed the arrangements at a corporate level for the use, management, and monitoring of the Council's social media accounts: This included:</p> <ul style="list-style-type: none"> • the adequacy of corporate strategy, procedures, guidance; training, and support to social media account holders; • arrangements for identifying and assessing social media risks; • the clarity of roles and responsibilities; • social media user account management arrangements; and • the adequacy of management information and reporting of social media channel performance. 	<p>A visible and strong social media presence is an important element of communication for the Council. The corporate Facebook and Twitter accounts are regularly updated and monitored by the Communications Team.</p> <p>Social Media has been a key communication tool for the Council during the pandemic. It has been used, for example, to inform communities about changes to Covid regulations as well as changes to Council service provision.</p> <p>Corporately, we found that a robust internal control framework was in place. The corporate Social Networking Policy and Social Media Acceptable Use Guidelines are comprehensive, and set out roles and responsibilities. It has been identified, by the Communications Team, that both documents require to be updated and we have made some suggestions of areas where the Policy and Guidelines could be further enhanced.</p> <p>We found that robust systems of controls are in place for the management of the corporate Facebook and Twitter accounts. The Communications Team are also responsible for monitoring all corporate account posts.</p>	

Assignment	Directorate	Assurance
Savings Tracking	All Directorates	Substantial
Scope	Final Report Executive Summary	
<p>We reviewed a sample of savings proposals from across all Directorates to ensure that:</p> <ul style="list-style-type: none"> • they have been accurately assessed both in terms of the costs that can be saved and the timescale in which the savings are to be achieved; • firm plans are in place to outline how savings will be delivered; and • actual savings being reported are supported by credible data. 	<p>At the October 2021 outturn stage 84.3% of savings were forecast to be achieved by 31 March 2022, with 15.7% at risk of not being achieved in year.</p> <p>We found that roles and responsibilities were clear, and we were content they were well understood and being consistently applied.</p> <p>We were also content with the arrangements for monitoring and reporting Savings Tracking progress. These were in line with the timescales defined in the Council's Budgetary Control Framework. Regular reports have been issued, and are planned to be issued, to the Strategic Leadership Group and elected Members. The Chief Finance Officer presents individual Directorate forecasted outturn positions to each of the portfolio Committees and a consolidated report to each meeting of the Audit Committee.</p> <p>Also, a Budget Strategy Update is provided quarterly to the Council and this sets out progress on delivery of the savings (and an update on the 2022/23 budget process). In addition, regular forecast information from the financial ledger is available to the Directorate Accountants, and Project Owners. The frequency and accuracy of monitoring and reporting ensures that the Project Owners can make robust and accurate judgements in relation to their individual Projects, and that the Strategic Leadership Group, and elected Members, are aware of the progress in achieving the savings targets.</p> <p>We reviewed a sample of savings projects, relating to £1.519m (71%) of the total savings, including all projects with in year savings targets in excess of £100k. These covered all Directorates. We were content that the RAG (Red / Amber / Green) status and forecast savings reported to Committee up to the October 2021 outturn reporting cycle could be reconciled to the financial ledger, and to the supporting documentation that the Directorate Accountants and Project Owners provided.</p>	

Assignment	Directorate	Assurance
Leisure Banking	People	N/A
Scope	Final Report Executive Summary	
<p>The Chief Finance Officer commissioned an Internal Audit review into potential banking discrepancies relating to Leisure Services. The aim of the work was to:</p> <ul style="list-style-type: none"> confirm the accuracy and value of the April / May 2019 banking discrepancies identified by the Accountancy Team; identify, where possible, the reason(s) for the banking discrepancies. In particular, to establish whether these are due to: <ul style="list-style-type: none"> system or staff error; the deliberate circumvention of internal controls; failure / weakness in operational arrangements; and identify, lessons learned for Leisure Services and the Accountancy Team. 	<p>The Internal Audit work confirmed that in 2019 the internal control framework for Leisure Services income collection and banking at was ineffective. This included:</p> <ul style="list-style-type: none"> no segregation of duties in the income collection and banking arrangements; daily banking records were unclear and incomplete; no periodic independent management checks on the income collection and banking arrangements; and no regular reconciliations. <p>The failure and / or absence of these key internal controls in both Leisure Services and the Accountancy Team at the same point in time meant there was a risk of serious error or abuse resulting in a substantial amount of income which is not accounted for.</p> <p>In our view, the reason for these discrepancies was due to both the circumvention of internal controls and weaknesses in operational arrangements.</p> <p>The Internal Audit work highlighted:</p> <ul style="list-style-type: none"> various dates in April and May 2019 where the income collected was not subsequently banked; several areas of non-compliance with Financial Regulations. In particular, the failure to ensure that adequate internal controls were in place; and that significant improvements have since been made to the internal control framework. <p>We are content that the improvements to the internal control framework are operating effectively. If followed correctly this will ensure that income is recorded accurately and will be fully and regularly banked with any discrepancies promptly identified.</p>	

Assignment	Directorate	Assurance
Contract Management and Monitoring	All Directorates	N/A
Scope	Final Report Executive Summary	
<p>To review progress with implementing each of the seven recommendations we made in our 2020/21 review of the Education Primary Schools and Early Years project.</p> <p>The recommendations were split into four categories:</p> <ul style="list-style-type: none"> Project Governance; Roles and Responsibilities; Project Management / Scope; and Finance. 	<p>We found that significant work had been progressed in all areas by Directorates with all seven recommendations fully implemented. The status of each of the recommendations has been updated on the performance management system (Pentana).</p>	

Assignment	Directorate	Assurance
Operational Fleet - Management and Monitoring	Place / All Directorates	Substantial / Limited
Scope	Final Report Executive Summary	
<p>We reviewed the arrangements at a corporate level for fleet management and monitoring. This included:</p> <ul style="list-style-type: none"> • roles, responsibilities and arrangements for the purchase, lease, hire, and disposal of Council vehicles; • arrangements for the provision of fuel to Council vehicles; • arrangements for the hire of vehicles; and • the availability and adequacy of management information at a Directorate and corporate level. 	<p>We provided Substantial Assurance in relation to the arrangements for the provision of fuel to Council vehicles and the availability of management information. All staff consulted during the review were clear about their roles and responsibilities. In addition, the Council's Driving at Work Policy also details Fleet Management, Driver, Chief Officers, and Senior Managers' responsibilities.</p> <p>All suppliers utilised for our sampled vehicle purchases, hires, and leases were from National Framework contracts. Additionally, there was appropriate segregation of duties for the requisition, order, receipt, and payment of these vehicles</p> <p>We provided Limited Assurance in relation to the adequacy of policies, procedures, and guidance, as well as the arrangements for the hire of vehicles. The Fleet Asset Management Plan (FAMP) which provides direction and guidance to ensure the efficient and effective management of fleet assets was last approved by Committee in 2013. Weaknesses were identified in relation to the purchase, lease, and hire of vehicles. Although we found that Fleet Services had developed a new vehicle specification form which records agreement of vehicle specification between Fleet and Section Management this had not been completed for our sample of purchase, lease, and hire vehicles. We also found that no formal record of testing of the Council's approach to acquiring vehicles (purchasing versus leasing) has been undertaken for over 10 years to determine whether best value is being achieved.</p> <p>Our review of the arrangements for the hire of vehicles found 4 have been on-going for more than 18 months at a considerable cost to the Council (c£78k). We were advised that these vehicles were required in order to meet Covid-19 social distancing requirements, however, these vehicles were still on hire after the requirements had been lifted.</p> <p>There remains some scope to further improve the existing controls for the disposal of vehicles. We were content that vehicles are being disposed of at public auction in line with the Financial Regulations, with proceeds paid directly to the Council's bank account, and reconciled to auction sales reports. We found, however, there was no rationale recorded as to why over the last 3 years the Council exclusively utilised the Services of just one auction house for vehicle sales.</p>	