CLACKMANNANSHIRE COUNCIL

Report to: Audit & Scrutiny Committee

 Date of Meeting: 24 August 2023

Subject: Update on Outstanding Internal Audit Actions

Report by: Strategic Director: Partnership and Performance

1.0   Purpose

1.1.   The purpose of this report is to provide Audit & Scrutiny Committee a progress update on outstanding actions arising from Internal Audit reports.

1.2.   Appendix 1 provides a summary update on the progress, with key points highlighted in the *Considerations* section of this report.

2.0   Recommendations

2.1.   Committee is asked to:

2.2.   note, comment on and challenge the report; and

2.3.   note that progress updates on outstanding Internal Audit actions will be provided henceforth on a six monthly basis.

3.0   Considerations

3.1.   Systematic updates on outstanding Internal Audit actions have not been provided to Committee since the pandemic response began.   Given the reprioritisation of service provision and staff abstractions over a period of nearly 3 years, it was inevitable that backlogs and overruns in progressing actions would occur to some extent.   Extensive efforts are being to ensure all Internal Audit actions are progressed.

3.2.   This report provides Committee with progress on current outstanding Internal Audit actions in order to provide and update position.   It is proposed that henceforth systematic updates will be provided to Committee every six months for assurance purposes. Given the passage of time, this update is larger than is likely to be routine.

3.3.   Appendix 1 provides a summary illustration of progress against Internal Audit reports, as well as an update against each action where progress is ongoing. It should be noted that these are manager assessment. Should Internal Audit identify any variances as part of verification works, these will be reported to Committee.

3.4.   Key points to highlight are as follows:

3.4.1. Of the sixteen outstanding reports, eight are assessed as complete;

3.4.2. Of the remaining eight, five are assessed as having completed the majority of actions, with a number due to complete in the next few months. These are:

- Corporate Risk Management Arrangements 2021/22

- Waste Services Procurement Arrangements 2019/20

- Legionella Management Arrangements 2021/22

- Procurement – Contract Monitoring – Facilities Management Repairs & Maintenance 2021/22

- CONTEST, Prevent & Serious Organised Crime Readiness 2018/19

3.4.3. Of the three where least progress has been made, the majority of actions are assessed as due to complete by the end of 2023/24. These are:

- Use & Control of Social Media 2020/21

- Housing Arrears and Rent Collection Management 2019/20

- Sundry Debtors 2017/18

3.5.   It should be noted that there are also a number of more recently completed Internal Audit reports which are in the process of being uploaded to the Pentana system. Progress with these and any subsequent reports will be reported to the Committee at the next scheduled report and 6 monthly thereafter.

3.6.   The full list of Internal Audit actions will be provided to Members of the Committee as a background report.

Conclusion

3.7.   Significant organisational change, the pandemic response and its aftermath have impacted on the progression of a number of actions identified through Internal Audit reports. Efforts are being made to ensure all outstanding actions are being progressed as soon as possible. Going forward, systematic, 6 monthly progress updates will provide Committee with ongoing assurance.

4.0   Sustainability Implications

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

5.0   Resource Implications

5.1.   Financial Details

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

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

5.4.   Staffing – no direct implications.

6.0   Exempt Reports

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

11.0   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)

12.0   Equalities Impact

12.1   Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐   No ☑   Not applicable.

13.0   Legality

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

14.0   Appendices

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

Appendix 1 – Update Report on Outstanding Internal Audit Actions

15.0 Background Papers

15.1 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)
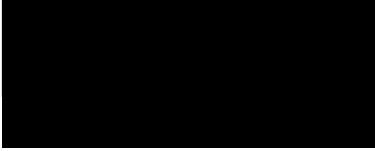
Yes ☑ (please list the documents below)   No ☐

Full List of Internal Audit Actions – Pentana Extract

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Stuart Crickmar	Strategic Director	2127

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director	██████████████

Internal Audit Progress Report as at 9th August 2023

ACTION STATUS KEY	
🛑	Overdue
⚠️	Check Progress (Assigned)
▶️	In Progress, on track
✅	Completed
❌	Cancelled

Summary - all audits

Code	Audit	Assurance Level	Status	Date Completed
IAF A07 CRM	Corporate Risk Management Arrangements 20/21	Substantial assurance	▶️	
IAF A08 SWS	Staff Wellbeing and Support Arrangements 21/22	Substantial assurance	✅	08-Aug-2023
IAF A08 WAS	Waste Service Procurement Arrangements 19/20	Substantial / Limited assurance	🛑	
IAF A09 LMA	Legionella Management Arrangements 21/22	Substantial assurance	🛑	
IAF A09 POA	Purchase Order / Invoice Authorisation and Certification – Transactional Testing 19/20	Substantial assurance	✅	09-Aug-2023
IAF A10 HPU	System Administration – High Privilege User Access to Key Corporate Systems 19/20	Substantial assurance	✅	04-Dec-2019
IAF A10 SMD	Use and Control of Social Media	Substantial assurance	🛑	
IAF A15 CFM	Procurement - Contract Monitoring - Facilities Management Repairs and Maintenance 21/22	Assurance level n/a	🛑	

Code	Audit	Assurance Level	Status	Date Completed
IAF A16 HRC	Housing Rent Collection and Arrears Management 19/20	Substantial assurance	🔴	
IAF BSC	Building Security 18/19	Limited assurance	✅	08-Aug-2023
IAF CON	CONTEST, Prevent and Serious Organised Crime Readiness 18/19	Substantial assurance	🔴	
IAF EAM	Education Asset Management 20/21	Assurance level n/a	✅	12-May-2022
IAF EDT	Education Transport	Assurance level n/a	✅	22-Jun-2023
IAF IG2	GDPR Readiness 18/19	Substantial / Limited assurance	✅	08-Aug-2023
IAF SDB	Sundry Debtors 17/18	Assurance level n/a	🔴	
IAF SSU	Supplier Set Up 18/19	Assurance level n/a	✅	01-Aug-2019

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
IAF CRM 001	The Risk Management Strategy (and associated guidance) should be reviewed and updated by the Strategic Director - Partnership and Performance. Thereafter, the revised documentation should be submitted to the Strategic Leadership Group and Audit Committee for approval. On completion of the approval process, the revised Strategy (and associated guidance) should be disseminated to all staff and elected Members. The Audit Committee must ensure that the Strategy revision, approval, and dissemination process is undertaken in a timely manner, and challenge the Strategic Director – Partnership and Performance on any delays.	The review and updating of the Risk Management Strategy will form part of the Partnership & Performance Business Plan for 2021/22 and the Audit Committee forward plan.		🛑	15-Jun-2023	Progress was delayed due to workload issues in various areas, The strategy has been drafted, including new elements to better translate high-level principles into practical operational support for staff and managers. These elements are currently being consulted on with the Corporate Risk & Integrity Forum and the Health & Social Care Joint Risk Forum (among others) and will be proposed for approval to Council in October 2023.	Stuart Crickmar
IAF CRM 004	The Strategic Director - Partnership and Performance should complete a Training Needs Analysis to identify the level and type of risk management training required by each category of staff (and elected Members). Thereafter, a Training Programme should be developed and implemented to satisfy all identified needs. In addition, the content of the online 'Risk Analysis' training module should be reviewed and updated to ensure that there is greater alignment with the Risk Management Strategy (and associated guidance). Thereafter, all staff should be required to complete the module on an annual basis. Finally, the format of the corporate	Training for elected members on risk will be identified and delivered. A training needs analysis process will be undertaken to understand the training requirements.		🛑	31-Oct-2021	Needs assessed (as per action 3), training content defined and materials produced, focussing on key principles, public sector complexities, local arrangements, scrutinising governance & risk, and current/future development. A TNA is planned for the Audit & Scrutiny Committee during late summer/early autumn 2023 – work being refreshed in consideration of the fact that we are now in a new administrative cycle with a new committee make up.	Lee Robertson

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
	Induction Programme checklist should be amended to mandate the issue of the Risk Management Strategy to, and completion of the 'Risk Analysis' training module by, new starts.						
IAF CRM 005	The Strategic Director - Partnership and Performance should complete a Training Needs Analysis to identify the level and type of risk management training required by each category of staff (and elected Members). Thereafter, a Training Programme should be developed and implemented to satisfy all identified needs. In addition, the content of the online 'Risk Analysis' training module should be reviewed and updated to ensure that there is greater alignment with the Risk Management Strategy (and associated guidance). Thereafter, all staff should be required to complete the module on an annual basis. Finally, the format of the corporate Induction Programme checklist should be amended to mandate the issue of the Risk Management Strategy to, and completion of the 'Risk Analysis' training module by, new starts.	The review of the risk analysis training module on Clacks Academy will take place after the approval of the revised risk strategy.		▶	30-Sep-2023	Module will be aligned to strategy, once approved (% progress reflects the fact that content has already been broadly agreed by the risk forum). As stated, it is inappropriate to make annual completion mandatory for all staff and the module will instead be targeted at managers, project/functional leads, and other relevant officers.	Judi Richardson
IAF CRM 006	The Strategic Director - Partnership and Performance should complete a Training Needs Analysis to identify the level and type of risk management training required by each category of staff (and elected Members). Thereafter, a Training Programme should be developed and implemented to satisfy all identified needs. In addition, the content of the online 'Risk Analysis' training module should be reviewed and updated to ensure that	Mandatory training is provided for via the Corporate Learning & Development Policy, and establishes a minimum standard for the wellbeing and safety of all staff. As such, the agreed risk TNA process, and revised risk strategy will help establish whether risk analysis training is appropriate for all staff and the most appropriate vehicle for delivery. It is not general practice to physically issue a strategy to staff, and as such		⬤	31-Dec-2021	The strategy delivery plan includes actions to ensure risk management is embedded in induction and leadership development, whether as a stand-alone topic, or as part of the toolkit for managing other explicit risks. There is an additional action to create an intranet page to ensure all key corporate governance strategies, guidance and templates are accessible to staff in a single location. (Again, this action has been marked as started as content will	Alastair Hair

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	there is greater alignment with the Risk Management Strategy (and associated guidance). Thereafter, all staff should be required to complete the module on an annual basis. Finally, the format of the corporate Induction Programme checklist should be amended to mandate the issue of the Risk Management Strategy to, and completion of the 'Risk Analysis' training module by, new starts.	alternative provision will made through highlighting risk management, and relevant locations of strategies via the corporate induction process. Additionally, part of the corporate induction process includes mandatory training, and as such this will be considered in line with the review of 'risk analysis' training.				be driven by the strategy, which has already been broadly agreed).	

IAF A08 WAS   **Waste Service Procurement Arrangements 19/20**   **Substantial / Limited assurance**

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
IAF WAS 005	The points in relation to a Waste Service Commodity Strategy should be addressed Report Paragraph: 3.8	A Waste Service Commodity Strategy will be developed		🛑	31-Mar-2020	Document produced, which lists every contract in place for the commodities the Council is seeking an outlet for. Contract value, start and expiry date etc for each contract detailed.	

IAF A09 LMA   **Legionella Management Arrangements 21/22**   **Substantial assurance**

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
IAF LMA 002	The points relating to the content of the Legionella Policy should be considered when it is next updated.	Report findings to be proposed to be added into Legionella Policy during next review.		🛑	31-Mar-2022	Update from Seonaid Scott: Changes have been drafted and are due to go to Policy group in April 2023 before going to Executive H&S Committee in August 2023.	Stuart Graham; Seonaid Scott

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IAF SMD 001	The points relating to the content of the Social Media Policy and Guidelines should be considered when it is next updated.	Policy and Guidelines recognised as requiring revision during review of Communications Strategy. These points will be considered as part of these projects and incorporated if appropriate. Action Due date is as per new Communications Strategy Action Plan.		🛑	31-Dec-2022	Delayed due to Covid abstractions. This will be picked up as part of a revised Communications Strategy will be presented to Council in late 2023.	Karen Payton
IAF SMD 002	The content of the social media training module should be revised and updated to reflect the updated Policy and Guidelines.	Need for training to be updated recognised during review of Communications Strategy. Update to be included within new Communications Strategy Action Plan. Action Due date is as per new Communications Strategy Action Plan.		🛑	31-Dec-2022	Delayed due to Covid abstractions. This will be picked up as part of a revised Communications Strategy will be presented to Council in late 2023.	Karen Payton
IAF SMD 003	In reviewing the format and content of the comms highlight report consideration should be given to whether any additional corporate social media performance measures should be included.	Review of comms highlight report identified as necessary during review of Communications Strategy. Options for new format, content and frequency to be included within new Communications Strategy Action Plan. Action Due date is as per new Communications Strategy Action Plan.		🛑	31-Dec-2022	Delayed due to Covid abstractions. This will be picked up as part of a revised Communications Strategy will be presented to Council in late 2023.	Karen Payton

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IAF CFM 002	Consideration should be given to building on existing finance system functionality through the inclusion of a contract reference field in the Tech One Finance System. Thereafter, regular system generated expenditure reports should be produced by all contract managers to monitor overall contract spend, with reports set up to capture variations in spend in excess of 10%.	The Tech One team will look at how this can be implemented.		🛑	31-Mar-2018	Consideration has been given to this as part of Techone, although this is a major piece of work that remains under development as follows. There is existing functionality in TechOne. Contract references are now required for all contracts over £10,000, however it is not a mandatory field for those under £10,000. This is being considered for implementation at a future date and as such it is on the current list of business improvement tasks.	CFO

IAF A16 HRC   **Housing Rent Collection and Arrears Management 19/20**   **Substantial assurance**

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
IAF HRC 001	The Revenues Team have no up to date written procedures in place for some of their key processes. This includes: raising charges and annual billing; identifying, recording, and allocating payments received; reconciliations; management of suspense accounts; issuing accounts to Sheriff Officers; and identifying and processing write-offs. The Housing Rent Collection and Arrears Management roles and responsibilities of the Revenues Team, Accountancy Services or Housing Services are not formally recorded. This could be recorded in written procedures and referred to in a formal Rent Management Policy.	Written procedures to be prepared for written for key Housing Rent Collection and Arrears processes. To include: reconciliations, management of suspense accounts, issuing accounts to Sheriff Officers, write offs, raising charges and annual billing, identifying, recording and allocating payments received.		🛑	31-Aug-2020	Some progress has been made on documenting main tasks and this will continue to be taken forward following implementation of the Finance and Revenues Restructure and Housing Restructure. Sundry debt procedures including issuing accounts to Sheriff Officers and write-offs are planned to be completed during the review of sundry debt currently underway. This has been delayed due to the additional workload within Revenues supporting individuals and businesses during the pandemic.	Lindsay Sim
IAF HRC 002	A control sheet should be introduced to record the completion of each of the key stages of the annual billing	An annual billing control sheets will be produced and used to record the key stages of the annual billing process		🛑	31-Aug-2020	**Update from Chief Finance Officer – August 2023**	Lindsay Sim

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	process. This should also be used to record the details of the Revenues Team sample checking.	including checking accounts and sign off and will record officers involved				Annual billing control sheets are in place. Checks and sign off to be added.	
IAF HRC 003	The Corporate Debt Recovery and Write Off Policy records that Revenues have the 'authority to write-off debts up to the value of £20 "if all avenues for recovery have been exhausted and the debt is more than 2 financial years old'. There are a number of accounts that fall into this category and these should be actioned. In addition, accounts with arrears less than £50 are not passed to the Sheriff Officers for collection. This de minimis level should be included in the Policy (when it is next reviewed) and the procedural instructions	In accordance with the Corporate Debt Recovery and Write Off Policy Revenues will write off debts up to the value of £20. The minimum level of debt on accounts that will be passed to the Sheriff Officers will be included in the next annual update of the Corporate Debt Recovery and Write Off Policy		🛑	31-Aug-2020	**Update from Chief Finance Officer – August 2023** Accounts where outstanding debt <£20 and > 2 years old where all recovery options have been exhausted to be identified by the new temporary credit controller starting June 2023 as part of overall debt recovery plan. Policy has not yet been reviewed. Will incorporate into next review due by 31 March 2024.	Lindsay Sim

IAF CON **CONTEST, Prevent and Serious Organised Crime Readiness 18/19** **Substantial assurance**

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
IAF CON 001	The points relating to the Serious Organised Crime delivery plan should be addressed.	The self assessment completed in 2016 and the action plan on Serious and Organised Crime will be revised. This will aim to reflect updated actions and areas for improvement along with owners for delivery. These will also include target dates in the action plan to provide clarity on pace of change.		🛑	31-Mar-2022	Due to the pandemic and ongoing cost of living response these has not been sufficient resources to undertake this work, which remains overdue.. It will be incorporated into the Partnership & Performance Business Plan for progression during 2023/24.	Stuart Crickmar

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IAF SDB 001	Revenues and the Corporate Management Team should agree the steps to be followed to clarify Revenues and Service staff roles and responsibilities for the sundry debt process.	Service Manager Revenues and Strategy to arrange meeting with Depute Chief Executive and Head of Housing and Community Safety, to discuss report findings in context of current organisational redesign.		🔴	31-Oct-2017	**Update from Chief Finance Officer – August 2023** Work ongoing. Roles and responsibilities will be clarified as part of the Finance and Revenues restructure.	CFO/ Revenues Manager
IAF SDB 002	Written procedures should be prepared setting out the process for: • the creation or amendment of debtor accounts; • the raising of a debtor invoice; • cancelling a debtor invoice; and • identifying accounts for write off.	Pending outcome of Recommendation 1. Develop procedures and processes identified.		🔴	31-Mar-2018	**Update from Chief Finance Officer – August 2022** Work has commenced, however, has been delayed due to pandemic and staff absence	CFO/ Revenues Manager
IAF SDB 003	The authorisation arrangements when creating or amending debtor accounts, and raising or cancelling a debtor invoice, should be reviewed.	Pending outcome of Recommendation 1. Revenue will consider as part of ongoing engagement work with Services.		🔴	31-Mar-2018	**Update from Chief Finance Officer – August 2023** This task is outstanding but has been delayed due to pandemic and staff absence	CFO/ Revenues Manager
IAF SDB 004	Consideration should be given to introducing a debtor set up and amendment form	Pending outcome of Recommendation 1. Revenue will consider as part of ongoing engagement work with Services.		❌	31-Dec-2018	**pdate from Chief Finance Officer – August 2023** This has been considered but not taken forward. Services can create a debtor account and will have all the information required to do so. No additional value seen in creating a form.	CFO/ Revenues Manager
IAF SDB 005	An Authorised Signatory List should be established for requests to cancel sundry debtor invoices	Pending outcome of Recommendation 1. Engage with Procurement Manager to review current authorised signatory process to accommodate		🔴	31-Dec-2018	**Update from Chief Finance Officer – August 2023** Outstanding – to be considered and incorporated into debtor procedures.	CFO/ Revenues Manager
IAF SDB 006	Services should be reminded to provide adequate supporting	Pending outcome of Recommendation 1. Revenue will		🔴	31-Mar-2018	**Update from Chief Finance Officer – August 2023**	CFO/ Revenues Manager

Code	Finding/Recommendation	Agreed Action	Grading	Status	Due Date	Latest Note	Lead
	documentation when creating or amending debtor accounts, and raising or cancelling debtor invoices. The functionality within Tech One should be utilised to enable supporting documentation to be stored electronically.	consider as part of ongoing engagement work with Services and Tech One team.				Outstanding – to be considered and incorporated into debtor procedures.	