

CLACKMANNANSHIRE COUNCIL

Report to: Audit & Scrutiny Committee

Date of Meeting: 18 April 2024

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 2023/24 Internal Audit Plan.

2.0 Recommendations

2.1 It is recommended that the Committee notes the progress being made with completion of the 2023/24 Internal Audit Plan.

3.0 Progress with Completion of the 2023/24 Internal Audit Plan

3.1 The 2023/24 Internal Audit Plan was agreed by Audit Committee on [20 April 2023](#). It set out 16 assignment areas to be completed by the team during the year. This includes 11 audit reports to be issued to Clackmannanshire Council (those 11 audit reports do not include those assignments or reports undertaken and issued to the Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, or the Public Sector Internal Audit Standards: External Assessment). Of these 11 audit reports:

- 5 audit reports have been completed to final report stage (4 of which have been reported to Elected Members at previous meetings of this Committee) as part of our annual and committed assignment programmes of work;
- 2 reviews are in progress and will be completed as part of the 2023/24 programme of work. These include pieces of work that are at draft report stage or are at fieldwork stage; and
- 4 are yet to be started. We anticipate deferring these audit reviews into the 2024/25 Internal Audit Plan.

3.2 A summary of progress is set out at Appendix 1. Details on the scope of, and findings arising, from the 1 review finalised since the last Committee in March are at Appendix 2. The assurance is provided in line with the definitions at Appendix 3.

3.3 Internal Audit are continuing to experience delays in confirming audit findings with auditees / Directorates which has meant it has proven difficult to clear audit reports within agreed timeframes. This is due to backlog recovery, staff turnover, and delays in filling vacancies within the Council. As part of the

2022/23 internal audit annual assurance work the Senior Leadership Group had undertaken to monitor these issues to ensure improvement, however, there has been no signs of improvement in 2023/24.

- 3.4 In overall terms, the programme of work will not be completed within the agreed time allocation, but it should be recognised that there are issues outwith the Internal Audit team’s control which impact on the ability to meet or exceed performance.
- 3.5 As part of our 2023/24 continuous auditing programme, Internal Audit has undertaken an additional data matching exercise relating to suppliers. This was to ensure there has been no unnecessary duplication of supplier records (which can increase the risk of duplicate payments, potentially leading to financial loss).
- 3.6 We also reviewed matches between Payroll (employee) data and suppliers, therefore, indicating if the Council is buying goods or services from a supplier owned or run by a member of staff. In relation to these “related party transactions”, the Code of Practice on Local Authority Accounting “seeks to ensure disclosure of transactions with individuals or organisations linked to Clackmannanshire Council where there is actual or perceived opportunity to control / exert influence”. This check could also help to identify where any supplier payments have been fraudulently changed to those of an employee. Review of these matches should eliminate instances of possible fraud, ensure that any related party transactions have been disclosed, and reduce the error of duplicate payments being made.
- 3.7 Work has been completed and all matches have been issued to the Payroll and Creditors sections to review and take relevant action if necessary. The outcomes will be reported at an upcoming Audit Committee.

4.0 Conclusions

- 4.1 2023/24 Internal Audit work will contribute to a balanced and evidenced based year end opinion on arrangements for risk management, governance, and control. The programme of work will not, however, be completed within the agreed time allocation. It should be recognised that there are issues outwith the Internal Audit team’s control which impact on the ability to meet or exceed performance.

5.0 Sustainability Implications

- 5.1 None Noted.

6.0 Resource Implications

Financial Details

- 6.1 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes
- 6.2 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

Staffing

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

7.0 Exempt Reports

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

8.0 Declarations

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

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

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

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

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

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

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

9.0 Equalities Impact

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

Yes No N/a

10.0 Legality

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

11.0 Appendices

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

- Appendix 1: Internal Audit Plan 2023/24 Progress at 9 April 2024
- Appendix 2: Internal Audit Plan 2023/24 Assignment Outcomes Summary of Key Findings from Assignments Complete to Final Report Not Previously Reported to Committee
- Appendix 3: Definition of Internal Audit Assurance Categories

12.0 Background Papers

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

Yes (please list the documents below) No

Author(s)

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

Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnerships and Performance	

INTERNAL AUDIT PLAN 2023/24

Progress at 9 April 2024

	Client / Directorate	Assignment	Status
Annually Recurring Assignments			
1.	All Directorates	National Fraud Initiative	Ongoing
2.	All Directorates	Continuous Auditing	Ongoing
3.	Place	Climate Change Act Public Body Duties Audit	Final Report Issued
4.	All Directorates	Consultancy Work	Ongoing
5.	All Directorates	Work on Recommendations Outstanding	Ongoing
6.	Internal Audit	Public Sector Internal Audit Standards: External Assessment	Final Report Issued
Committed Assignments			
7.	Partnership and Performance / All Directorates	IT and Information Security Governance	Not Started
8.	People / All Directorates	Purchase Order Arrangements at Clackmannanshire for Adult Social Care	Final Report Issued
9.	Partnership and Performance / People	Leisure Income Follow Up Review	Final Report Issued
10.	Partnership and Performance / All Directorates	Freedom of Information Requests	Final Report Issued
11.	All Directorates	Care Home Residents Monies	Final Report Issued
12.	Partnership and Performance / All Directorates	Overtime Arrangements	In Progress

	Client / Directorate	Assignment	Status
13.	Place / Partnership and Performance	Energy Bills Support Scheme (EBSS)	Not Started
14.	People	School Admissions Policy	Not Started
15.	Partnership and Performance / All Directorates	Use of Purchase Cards	In Progress
16.	Partnership and Performance / All Directorates	Community Benefits	Not Started
Other Client Work			
17.	Clackmannanshire and Stirling Integration Joint Board	The Internal Audit Plan for 2023/24 was presented to the IJB Audit and Risk Committee on 28 June 2023.	In Progress
18.	Central Scotland Valuation Joint Board	The Internal Audit Plan for 2023/24 was presented to the Central Scotland Valuation Joint Board on 30 June 2023.	In Progress

INTERNAL AUDIT PLAN 2023/24 ASSIGNMENT OUTCOMES

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

Review	Directorate	Assurance
Freedom of Information Requests	Partnership and Performance	Substantial / Limited Assurance
Scope	Final Report Executive Summary	
<p>The Freedom of Information (FOI) (Scotland) Act 2002 (the Act) gives the public a right of access to recorded information of any age held by Scottish public authorities. Any person who requests information is entitled to receive it within 20 working days.</p> <p>Certain types of information may, however, be regarded as exempt from disclosure, and a refusal of request issued instead to the applicant. This includes:</p> <ul style="list-style-type: none"> • Personal data; • Commercially sensitive information; • Legal documents and court proceeding records; and • Information which may endanger the health and safety of an individual if disclosed. <p>For a request to be valid under the Act, it must:</p> <ul style="list-style-type: none"> • be submitted in writing (e.g. letter, email, or online form) or in another permanent form which is capable of being used for subsequent reference (e.g. voice mail message – providing the message is retained); • state the name of the applicant and an address for correspondence; and • clearly describe the information requested. <p>The Act details what enforcements are available to the Scottish Information Commissioner (SIC) if there are any breaches in the Act. The first stage is an 'information notice' where the SIC may give notice in writing requiring information to confirm compliance with the Act. If at this point the SIC is satisfied that the Authority has failed to comply the SIC issue an 'enforcement notice' requiring the Authority to take steps as specified in the 'enforcement notice' for complying. Failure to comply with both notices mentioned above could result in the SIC writing to the Court of Session resulting in possible financial fines. There have been</p>	<p>Applicants do not have to specifically mention the Act or direct their request to a designated member of staff. All FOI requests are logged onto a database which was designed and built in-house. This system documents the date, time the request was logged, and responses given. There are templates stored in the database which are used depending on the response required. The database also calculates the response deadline and issues reminder emails to the assigned Monitoring Officer.</p> <p>FOI Monitoring Officers are allocated at Service level within each Directorate, who are responsible for opening and closing FOIs on the in-house database system. They also manage the generic mailbox. Investigating Officers are members of staff who have access to the information requested, and are delegated by the Monitoring Officers to provide the appropriate information to them in order to answer the request. The Governance Team consists of two Governance Officers, reporting to the Senior Governance Officer. They provide advice and support to the Services for all FOI matters and also administer the database.</p> <p>All staff consulted during the review were clear about their roles and responsibilities which is reflected in Governance team role profiles, however, there is scope to further improve the role profiles of the Monitoring Officers.</p> <p>From the review of the in-house database and the information generated / recorded once FOI requests are received, we are content that there are robust controls in place to receipt and monitor FOIs. During the period April 2022 to November 2023 the Council received 1,985 FOI requests. Responses to these requests generated an additional 50 reviews of the way in which the request was handled and / or review of the response provided, and 16 appeals to the SIC.</p> <p>There are adequate guidance documents from Scottish Executive, and the Council's own 'Basic Guidance' document to manage the FOI process. We found that staff are complying with the guidance, however, there are no Council specific FOI policies in place; there is sufficient information on FOI requests and how they are treated, however, a lack of Operating Procedures detailing how the Monitoring Officers and Governance team work together, specifically, around the follow up of delayed / unanswered responses. Although staff are complying with the guidance, it was found that there are no procedures detailing actions and responsibilities for following up on outstanding requests.</p> <p>A sample of 48 FOI requests were reviewed to assess compliance with the relevant guidance. All were found to be correctly logged on the database and allocated to the appropriate Monitoring Officer in a timely manner. There is a full audit trail for each request on the system noting time and date of each interaction. There were, however, significant issues highlighted with response times. The testing found 46% of requests were not answered within the statutory time frames. If the number of unanswered requests and reviews are not addressed the Council could receive an enforcement notice from the SIC. We recommend action is taken to improve the number of FOI request and reviews answered within the statutory timeframe of 20 working days to ensure no requests remain unanswered. This could be achieved through additional scrutiny of outstanding requests / reviews on the database, as well as additional reporting by the Governance team to the Senior Leadership Group.</p> <p>The Governance Officer updates the Pentana performance management system with monthly figures on a range of areas, including the number of FOI requests received, and the number of FOI requests for which a response was made on time. Pentana does not have a separate column showing the number of requests not answered with the time frame, however, a simple subtraction of the numbers received and numbers answered on time does give this figure. No separate reports are issued to the Senior Leadership Group for discussion. We recommend that the monthly figures are distributed and discussed at the Senior Leadership Group, with action taken where required in relation to delayed and no responses. Inconsistencies were also found when reporting quarterly performance to the Scottish Information Commissioner (SIC) for publication on their website, compared to what was recorded on the database.</p>	

no decision notices issued for the Council.	Training is available to staff, albeit this is not mandatory for staff with only 15 employees completing the eLearning module in the year to March 2023. We also recommend that FOI training is made mandatory to all staff.
---	--

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.

