
Report to: Audit & Scrutiny Committee

Date of Meeting: 7 March 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 issued to the Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, or the Public Sector Internal Audit Standards: External Assessment). A summary of progress is set out at Appendix 1.

3.2 Of these 11 audit reports:

- 4 audit reports have been finalised;
- 3 reviews are in progress; and
- 4 are yet to be started.

3.3 Details on the scope of, and findings arising, from the 2 reviews finalised since the last Committee in February are at Appendix 2. The assurance is provided in line with the definitions at Appendix 3.

3.4 Over the remainder of 2023/24 Internal Audit will continue to progress the programme of work set out at Appendix 1, however, it is anticipated that some assignments will be deferred into the 2024/25 Internal Audit Plan. As previously advised, our workload is subject to change, and resource will be directed to where it adds most value.

4.0 Conclusions

4.1 The team is making steady progress with 2023/24 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

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

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 27 February 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)

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Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership and Performance	

INTERNAL AUDIT PLAN 2023/24

Progress at 27 February 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	Draft 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	In Progress
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
Care Home Residents Monies	Partnership and Performance	Limited Assurance
Scope	Final Report Executive Summary	
<p>Residents in Care Homes require access to their personal funds to pay for small items while in residence, for example, haircuts, chiropodist appointments, toiletries, and newspapers. These payments are managed by the Care Home staff on behalf of the residents. Individual bank accounts are not managed by the Council and there are no appointeeships¹ for their residents.</p> <p>The Care Home staff receive money from family or Solicitors to top up the individual resident's suspense account. It is, therefore, important to keep proper and accurate records for each resident detailing income and expenditure.</p> <p>All monies received are deposited in the Council's own bank account. Cash payments on behalf of residents for items they require are paid from the Care Home's £2,000 imprest. The imprest is reimbursed from the Council's bank account as per the Council's Imprest Policy.</p> <p>The main focus of this high level review has been to evaluate and report on the policies and procedures, roles and responsibilities, and security of residents cash and valuables.</p>	<p>There are two Care Homes that are run and maintained by the Council: Menstrie House and Ludgate House. The latter now being for short stays with no monies or valuables held for residents. From a total of 20 residents at Menstrie House, a random sample of 5 was chosen and checked to confirm all income and expenditure was supported by receipts from 1 April to 16 November 2023. We were content that:</p> <ul style="list-style-type: none"> • all residents valuables are securely stored in a safe and individually identifiable; • there is an accurate record held of income and expenditure per resident; • there is documentation to support all expenditure; • there are appropriate written policies in place to cover residents' accounts; and • roles and responsibilities are clearly understood. <p>We did identify areas where there is scope for further improvement. There is no segregation of duties as the Business Support Administrator performs all the tasks (distributing funds, issuing receipts, updating the spreadsheet, and reconciling the spreadsheet) unless the Senior Care Officer is available to distribute funds. There is a risk of monies being misplaced and records not being accurately updated.</p> <p>After examining all 94 receipts, totalling £1,895.69, (from 1 April to 16 November 2023) for the random sample of 5 residents (from a total of 20 residents) we found that 12 (13%) income transactions totalling £500 (26% of the total value) were not issued with a written receipt. The amounts received were written on the envelope and stored in the main safe. This creates a risk of money being misplaced and banking being understated, with relatives having no supporting receipts to confirm transactions and Officers being unable to reconcile transactions. We have made the following recommendations:</p> <ul style="list-style-type: none"> • Location of the imprest tin should not be disclosed in the Procedures; • A written policy be created for withdrawing monies by residents or relatives for personal use; • A different person distributes the cash from that who updates and reconciles the master spreadsheet; • Training should be introduced to cover the banking requirements, and specifically cash / valuable security; • The Business Support Administrator role profile to be reviewed and updated; • Items held in the valuables safe should be witnessed and signed for by a relative or Solicitor; • All income received should be receipted in the receipt book; and • A second independent person should undertake the banking along with ad hoc management checks. 	

¹ Appointeeship is when a relative or the Council take full responsibility for managing the making and maintaining any benefit claim, and managing the spending of the benefit.

Review	Directorate	Assurance
Adult Social Care Purchase Order Arrangements	Partnership and Performance	No Assurance
Scope	Final Report Executive Summary	
<p>The review focussed on the Purchase Order and contract arrangements for older people and physical disability assessment and care management payments processed through Techone in 2022/23.</p> <p>This audit assessed the robustness of the Adult Social Care payments internal control framework (in relation to Clackmannanshire Council's Policies and Procedures. It considered the extent to which the Financial Regulations are being consistently applied in practice. A sample of 50 Adult Social Care payments with a total value of c£183k were chosen. Testing was to ensure that the following key requirements from the Financial Regulations and Contract Standing Orders are being consistently applied:</p> <ul style="list-style-type: none"> • Official authorised Purchase Orders in line with delegated authorities must be issued and raised on Techone; • The authorising officer must be satisfied that there is sufficient budget and best value has been achieved; and • Purchase Order values can be reconciled to a contract / written agreement. <p>The focus of this review was to ensure payments had appropriately authorised Purchase Orders and related Adult Social Care providers had</p>	<p>The Clackmannanshire and Stirling Health and Social Care Partnership (HSCP) brings together integrated health and social care services; it is the delivery vehicle for the delegated functions from across Clackmannanshire Council, Stirling Council, and NHS Forth Valley. The Clackmannanshire element of the HSCP Partnership annual budget for 2022/23 was c£25.1m and for 2023/24 it is c£26.2m.</p> <p>The Council's Financial Regulations aim to ensure the highest standards of probity in dealing with public money and to assist and protect staff in such dealings, and are reviewed by the Chief Finance Officer (Section 95 Officer) on an annual basis. The most recent version was updated in June 2023, and includes:</p> <ul style="list-style-type: none"> • Section 11 (Purchasing of Goods and Services) to reflect the electronic Purchase Order process operated within Techone; and • Section 12 (Payments for Goods and Services) to set out the process for goods receipting and checking of invoices in line with procedures and controls within Techone. <p>The Contract Standing Orders set out the rules for the procurement of works, goods, or services for the Council. The Contract Standing Orders ensure that the Council is fair and accountable in its dealings with contractors and suppliers and ensure that value for money is obtained.</p> <p>We found significant weaknesses in relation to the Adult Social Care Payments internal control framework in relation to Purchase Orders not being raised in advance of payments and non-contract expenditure. We reviewed a sample of 50 Adult Social Care transactions (with a value of £182,646), and concluded that for 6 (12%) of these, with a value of £30,665, Purchase Order and invoice matching arrangements were appropriate (and in compliance with the Financial Regulations and Contract Standing Orders). We, therefore, found non compliance with Financial Regulations and Contract Standing Orders in the remaining 44 transactions (88%) with a value of £151,981 where there was not a Purchase Order raised on Techone or an invoice received.</p> <p>The Adult Social Care Team in conjunction with the Health and Social Care Partnership Business Support Team arrange for adult care provision out with the Techone system. The Social Care System holds care provision information and related costs. This involves an approval process where individual care plans are compiled by the Social Worker and approved by an Adult Care Manager, before being uploaded onto Techone for approval and payment. This applied to 42 transactions in the sample where a care plan was found to be in place with a projected total yearly value of c£1.4m. We found a number of weaknesses in the care plan approval and payment process including:</p> <ul style="list-style-type: none"> • 1 transaction where no care plan was available; • 7 care plans did not include details of specific manager approval; • 2 care plans were approved by a manager who did not have sufficient delegated authority for the projected annual cost of care; and • Care plans include a projected annual cost to assist with effective budget monitoring. They can be in place for an undetermined length of time, however, we were advised by the Adult Care Team Manager that although care provision is reviewed there was no 	

<p>contracts in place (with the rates paid matching contract rates).</p>	<p>evidence of further financial approval of the ongoing care costs.</p> <p>We were content that there was sufficient Adult Social Care monitoring of actual spend against budget and this consisted of: detailed monthly management budget reports detailing costs and related care provision, monthly management budget meetings, and quarterly projected budget outturn reports. We found no evidence, however, that budgets are being monitored to ensure they are sufficient prior to individual care financial commitments being approved.</p> <p>The sample was also checked to ensure that where care provider expenditure thresholds were met in line with the Contract Standing Orders that contracts were in place and the rates charged reconciled to agreed contract rates. We were content that 32 transactions (64%) had contracts in place, 3 related to direct payments to client and had related agreements in place, 1 was for emergency short term care that was approved by care management, but for the remaining 14 (28%) transactions there was no evidence provided that they were part of a current contract.</p> <p>From our review of the Care and Support Contract Standing Orders Exception Report (agreed by the Council in February 2021) we found no evidence of monitoring of compliance with the exception report conditions. We have made recommendations that contracts are agreed for care providers that meet Contract Standing Order expenditure thresholds, and that a review should be undertaken to ensure compliance with the Contract Standing Orders exception report.</p> <p>For the 32 transactions that had a contract in place. We found that 10 care rates charged reconciled to contracted rates. For the remaining 22 of the 32 we found that rates being paid were less than the contracted rates.</p>
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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.