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**Report to Audit & Scrutiny Committee**

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**Date of Meeting: 12 December 2024**

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**Subject: Audit & Scrutiny Committee Annual Report Follow Up**

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**Report by: Strategic Director, Partnership & Performance**

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**1.0 Purpose**

- 1.1. The purpose of this report is to present to Committee the 2023/2024 Audit and Scrutiny Committee Annual Report.

**2.0 Recommendations**

It is recommended that:

- 2.1. Committee note, challenge and comment on the report.
- 2.2. Agrees to submit its Annual Report 2023/2024 (Appendix A) to the next available Council meeting for comment, challenge and approval.

**3.0 Considerations**

- 3.1. Guidance published by the Chartered Institute of Professional Finance and Accountancy (CIPFA) in 2022 is accepted as best practice for local authority Audit Committees.
- 3.2. The CIPFA guidance recommends that all Audit Committees should “prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact” (Audit Committees Practical Guidance for Local Authorities and Police, published by CIPA in 2022)
- 3.3. The annual report (Appendix A) has been prepared to inform Clackmannanshire Council of the work undertaken by the Audit and Scrutiny Committee during 2023/2024.
- 3.4. The report was, as in previous years, informed, in part, by Committee members undertaking a self-assessment, based on the CIPDA Audit Committee Position Statement.

- 3.5. The self-assessment took place on the 17<sup>th</sup> September 2024 during an informal hybrid meeting of the Committee.
- 3.6. The Chair and Vice Chair of the Committee have also been asked for their thoughts in relation to the operation/impact of the Committee. They indicate that the work completed by the Committee in 2023/24 fulfills the agreed remit of the Committee and offers reasonable assurance that the Council's control environment, corporate risk management systems, and overall governance framework operated effectively over this period.
- 3.7. The Chair and Vice Chair did however note that, based on the assignments as directed by Committee and undertaken by internal audit, assurance has fallen from substantial to limited.
- 3.8. Whilst the Chair and Vice Chair are assured Senior Officers are taking steps to address these weaknesses, they have impressed that the Audit and Scrutiny Committee will have a significant role to play to ensure appropriate actions are taken in the 2024/2025 financial year

#### 4.0 Sustainability Implications

- 4.1. There are no 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 have been consulted and have agreed the financial implications as set out in the report. Yes

##### 5.4. *Staffing – there are no staff implications arising from this report.*

#### 6.0 Exempt Reports

- 6.1. Is this report exempt? 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**

Complies with relevant Council Policies

**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?  
An EQIA is not applicable in this context.

**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".

Audit and Scrutiny Committee – Annual Report 2023/2024

**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)

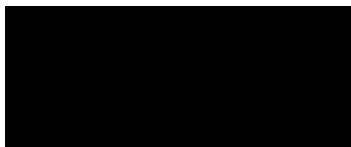
Yes  (please list the documents below)

- Chartered Institute of Professional Finance and Accountancy (CIPFA)  
Position Statement: Audit Committees in Local Authorities and Police

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Chris Alliston	Strategic Director – Partnership and Performance	2184

**Approved by**

NAME	DESIGNATION	SIGNATURE
Chris Alliston	Strategic Director – Partnership and Performance	



**Clackmannanshire  
Council**

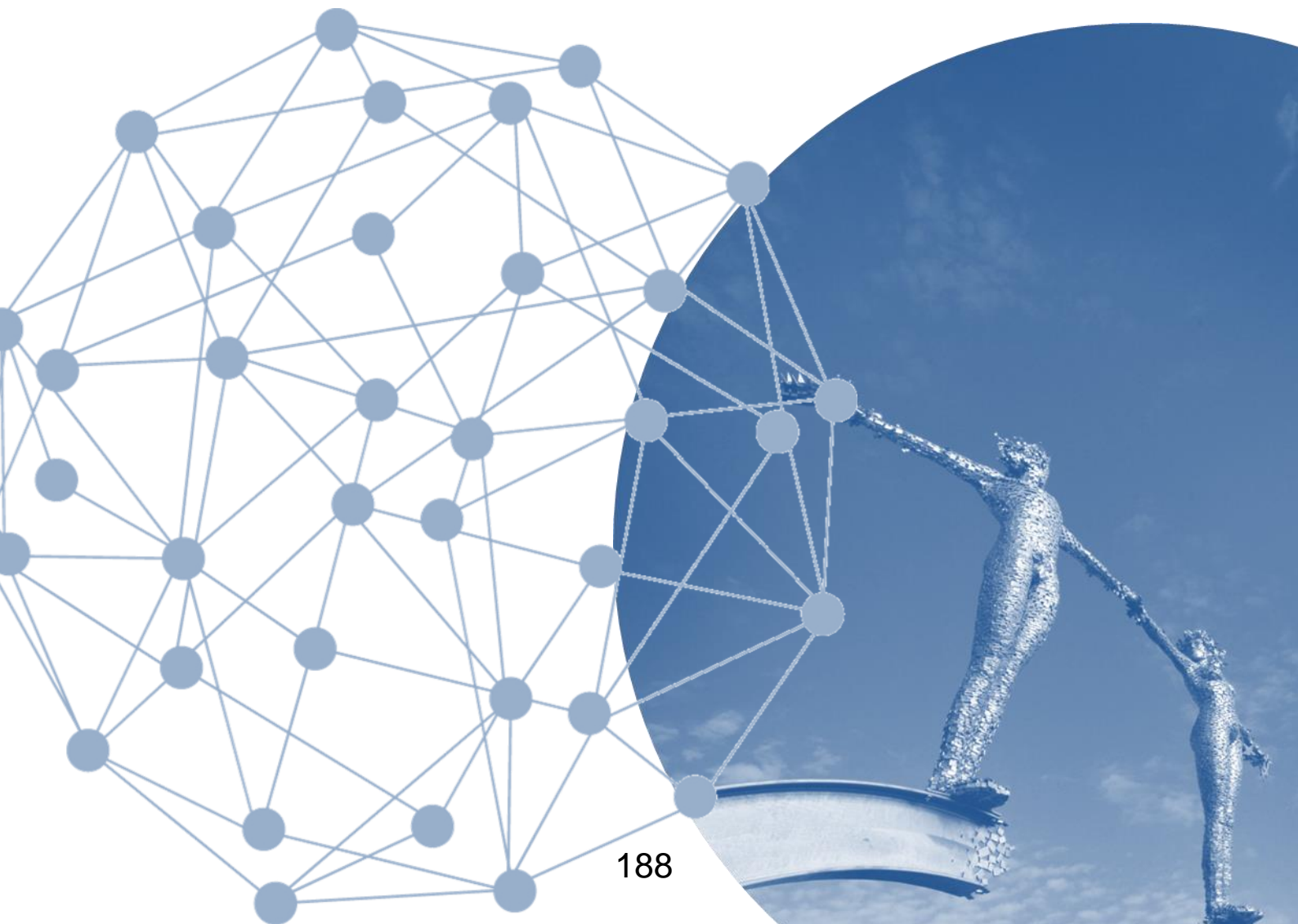
[www.clacks.gov.uk](http://www.clacks.gov.uk)

Comhairle Siorrachd  
Chlach Mhanann

# Audit and Scrutiny Committee

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**Annual Report 2023/2024**



## **1.0 INTRODUCTION**

- 1.1. CIPFA guidance recommends that all Audit Committees should “prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact”.
- 1.2. This report has been prepared to inform Clackmannanshire Council of the work carried out and the impact of the Audit and Scrutiny Committee during the period 2023/2024.
- 1.3. The report also provides details of the Committee’s membership, and training/briefing programme.

## **2.0 AUDIT AND SCRUTINY COMMITTEE REMIT**

- 2.1. The Audit and Scrutiny Committee is an integral component of the Council’s corporate governance framework and provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2.2. The Audit and Scrutiny Committee provides independent assurance to the full Council of the adequacy of the risk management framework and the internal control environment.
- 2.3. The Committee provides independent review of the Council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.
- 2.4. The Committee oversees internal audit and external audit, helping to ensure effective assurance arrangements are in place.
- 2.5. The remit of the Audit and Scrutiny Committee as agreed by Council is

### **Audit & Finance**

- Receive, review and consider reports on the Council’s finance
- Receive, review and consider reports on value for money and best value
- Consideration and monitoring of the Council’s Annual Governance Statement
- Consider internal audit reports and results of internal audit investigations
- Consider external audit and resultant action plans
- Monitor and review actions taken on internal and external audit recommendations
- Consider the effectiveness of the Council’s risk management procedures and the control environment
- Receive and consider reports on countering fraud and corruption.

### **Scrutiny**

- Monitor council services, including the Health and Social Care Partnership (HSCP) against agreed outcomes, standards and targets
  - Monitor the achievement of organisation-wide agreed outcomes, standards and targets
  - Monitor the achievement of agreed outcomes, standards and targets by the community planning partnership
  - Monitor Police and Fire performance against Plans approved by the Council
  - Scrutiny of Council decision-making, with the ability to call in decisions
  - Initiate or undertake scrutiny reviews
  - Deal with matters referred by the Council for scrutiny purposes.
- 2.6. Committee meetings are hybrid with some members and presenters physically present and other attending using virtual meeting technology.
- 2.7. Recommendations from the Committee are presented to Council for approval.

### **3.0 MEMBERSHIP, ATTENDANCE AND INDEPENDENCE**

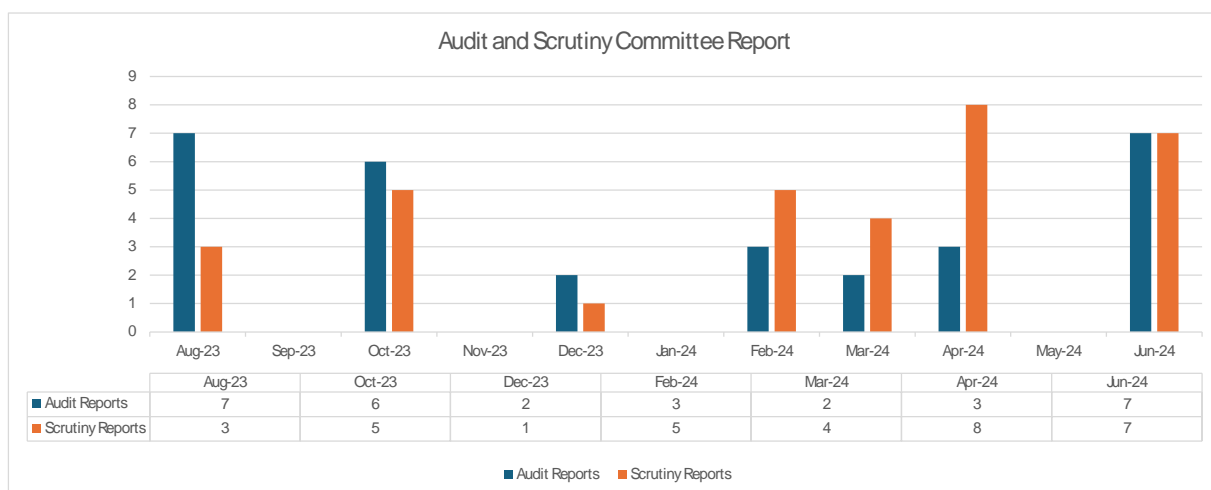
- 3.1. Committee is comprised of 8 elected members with the leader of the opposition, Councillor Janine Rennie, appointed as Chair, and Councillor Denis Coyne, Conservative Group, Vice Chair.
- 3.2. Members of the Committee are as outlined in Appendix 1.
- 3.3. Committee met 7 times during session 2023/2024 with all meetings quorate.
- 3.4. The normal cycle of meeting is 6 however an additional meeting was added in March 2024.
- 3.5. The attendance of members is shown in Appendix 2.
- 3.6. The Strategic Director – Partnership and Performance supports the Committee and Committee is clerked by the Councils Monitoring Officer.
- 3.7. Strategic Directors, Senior Managers and Internal Audit routinely attend Committee. Representatives from external bodies including External Audit, Police Scotland and Scottish Fire and Rescue attend meetings as required.
- 3.8. To assist in preserving Committee's independence, measures are in place including:

- The appointment of an independent Chair and Vice chair from opposition parties
- Non-political approach of the Committee
- The involvement of internal and external audit
- Clear terms of reference
- Annual review

#### 4.0 FORWARD PLAN AND MEETINGS

- 4.1. Committee agreed its forward plan for 2023/2024 in August 2023.
- 4.2. During the Council cycle Committee considered 63 reports, split 30 Audit and 33 Scrutiny (See Chart 1).

**Chart 1 – Audit and Scrutiny Reports 23/24**



#### 5.0 TRAINING

- 5.1. A range of briefings and other training opportunities were offered to elected members during the 2023/2024 cycle (Table 1).
- 5.2. Member services maintain and update member training records.
- 5.3. Whilst Committee agreed to the development of a specific training (Table 2) programme for 2023/2024 due to officer capacity not all elements were delivered and as a result these have been carried into the agreed training programme for 2024/2025.

**Table 1 – Elected Members Training and Briefings 2023/2024**

<b>Subject Matter</b>
All Members' Briefing - RAAC
All Members' Briefing - HRA Budget Paper
Training - Procurement and Governance
Scrutinising Performance & Risk
Data Protection for Councillors
Training with the Standard's Commission for Members
All Members' Briefing - Changes to the waste and recycling collection service
All Members' Briefing - September Council Reports
All Members' Briefing - September Council Reports
Training Session Education Appeals Committee

**Table 2 – Audit and Scrutiny Committee Training Plan 2023/2024**

<b>Subject Matter</b>
Annual Governance Statement/Control Environment
Data Protection
Cyber Security
Procurement Governance
Performance and Risk (Phase 2)
Principles of Best Value and VFM
Fraud and Corruption
Financial Monitoring/Scrutiny



## **6.0 INTERNAL AUDIT**

- 6.1. The Council has a Joint Working Agreement in place with Falkirk Council for the provision of a jointly resourced Internal Audit Service to Clackmannanshire Council and to the Central Scotland Joint Valuation Board.
- 6.2. The budget for internal audit provision is agreed each year but the total cost chargeable by Falkirk Council over the duration of the agreement is capped at £120,000 per annum.
- 6.3. Falkirk Council's Internal Audit, Risk, and Corporate Fraud Manager is responsible for the allocation of Clackmannanshire Council Internal Audit work to the most appropriate member of staff.
- 6.4. Clackmannanshire Council's Internal Audit Officer is solely employed on Clackmannanshire Council, Central Scotland Valuation Joint Board, and Clackmannanshire and Stirling Integration Joint Board Internal Audit work.
- 6.5. The Audit and Scrutiny Committee takes assurance from Internal Audit on a wide range of issues and an update report from the Internal Audit, Risk, and Corporate Fraud Manager is considered at each Committee meeting.
- 6.6. Internal Audit's Plan for 2023/24 was agreed by Audit Committee on 20/04/2023. It set out 16 assignment areas to be completed by the team during the year. Of the 16 assignments, 11 required an audit report to be issued to Clackmannanshire Council.
- 6.7. Seven audit reports (completed to final report stage and issued to Clackmannanshire Council's senior management) have been reported to Committee this year. These included:
  - Climate Change Act Public Body Duties Audit;
  - Purchase Order Arrangements at Clackmannanshire for Adult Social Care;
  - Leisure Income Follow Up Review;
  - Freedom of Information Requests;
  - Care Home Residents Monies;
  - Use of Purchase Cards; and
  - Overtime Arrangements.
- 6.8. At the April 2024 meeting, Committee noted that four audit reviews had not been undertaken and would most likely be deferred into the 2024/25 Internal Audit Plan.

- 6.9. Based on the assignments undertaken by Internal Audit into the areas of operational delivery, as outlined in 6.7, an overall **limited assurance** was given in relation to the Council's arrangements for risk management, governance, and control for the year to 31 March 2024.
- 6.10. The full Internal Audit Annual Assurance Report 2023/24 was presented to Committee in June 2024.
- 6.11. In providing its opinion, Internal Audit operated in compliance with the Public Sector Internal Audit Standards with no impairments or restrictions to scope or independence.
- 6.12. PSIAS require a five yearly independent external quality assessment of compliance. This was undertaken by the Chief Internal Auditor at Argyll and Bute Council, who concluded that Clackmannanshire Council Internal Audit section fully conforms with the Standards and Internal Audit met, and exceeded, each of its Key Performance Indicators.

## **7.0 EXTERNAL AUDIT**

- 7.1. External Audit is another key provider of assurance to the Committee. External Auditors are appointed by the Accounts Commission, who also monitor audit quality.
- 7.2. Deloitte were appointed as the Councils external auditors in 2022/2023.
- 7.3. The External Audit Plan for 2022/23 was submitted and approved by Council in June 2023.
- 7.4. The plan set out the planned audit activity in respect of the audit of the 2022/23 draft annual accounts and wider audit activity including Best Value.
- 7.5. No reports were submitted to Committee for consideration during the 2023/2024 cycle.

## **8.0 CORPORATE RISK AND PERFORMANCE**

- 8.1. The Councils Corporate Risk Register is scrutinised at each Committee.
- 8.2. The 2023/2024 year end update on the Council's Corporate Risk Register was considered by Committee on 13/06/2024. The report outlined the purpose of risk management, the Corporate Risk management process and the current risk profile and development activity; relating to the Councils Risk Strategy approved by Council in October 2023.
- 8.3. The Corporate Performance report was presented to Committee in April 2024. This report presented a summary of key local demographics and Council performance data, up to and including the 2022/23 financial year, aligned to the current Statement of Corporate Priorities (2023/24). Appendix A of the report which forms part of the Council's statutory Public Performance Reporting (PPR) duties summarised relevant statistics and performance levels, including analysis, charts and detailed data tables. Scrutiny and reporting on key performance measures is also completed through regular Directorate Business Plan reports.

## **9.0 EXCEPTIONS FROM CONTRACT STANDING ORDERS**

- 9.1. It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit & Scrutiny Committee.
- 9.2. During the reporting period 12 exceptions were noted by Committee which amounted to £2,591,835.

## **10.0 POLICE SCOTLAND/SCOTTISH FIRE AND RESCUE SERVICE**

- 10.1. The Police and Fire Reform (Scotland) Act 2012 outlines the duties of Police Scotland and the Scottish Fire and Rescue Service to work in partnership with local authorities.
- 10.2. Part of this duty is to ensure they regularly report on their activities and outcomes in each local area, relating to statutory local Police and Fire plans prepared by both agencies and approved through Council.
- 10.3. Six monthly reports are produced and presented to allow scrutiny by Clackmannanshire Council Audit and Scrutiny Committee, in line with requirements set out in the Reform act of 2012.

## **11.0 OTHER REPORTS**

- 11.1. Committee also consider a number of other reports through the year including Procurement Annual Report, Health and Safety Annual Report, Chief Social Work Officer Annual Report, Regulation of Investigatory Powers (Scotland) Act 2000, Financial Performance, Treasury Management, Risk Strategy Annual Report, HSCP Locality Performance, progress updates on outstanding Internal Audit Actions, Community Empower Act Annual Report, Portfolio Business Plan updates as well as a number of progress reports on key Council and Partner strategies.

## **12.0 SELF ASSESSMENT**

- 12.1. The Self-Assessment for 2023/2024 was undertaken on the 17/09/2024 during an informal hybrid meeting of the Committee. All Committee members, with the exception of Councillor Fairlie and Councillor Keogh, were in attendance.
- 12.2. Overall Committee agreed with the statements as presented within the self assessment (Appendix 2), noting the following actions: The full evaluation is attached at Appendix
  - 12.2.1. , Whilst the number of members required to be quorate remains at 4, the majority of members should be from opposition groups to ensure robust scrutiny.
  - 12.2.2. Whilst work undertaken by the previous Strategic Director – Partnership and Performance indicated that the size and arrangements of Clackmannanshire Council’s Audit and Scrutiny Committee were broadly similar to other Councils with no requirement to co-opt external members, should there be a future requirement this would be taken forward.
  - 12.2.3. Committee agreed that to help improve scrutiny and review all Committee members would be invited to attend the pre-agenda meetings with officers to discuss papers in advance of the Committee meeting and focus areas of discussion and questioning given the significant number of papers that are often presented.

## **13.0 CHAIR AND VICE CHAIR VIEWS**

- 13.1. As Chair and Vice Chair of the Audit and Scrutiny Committee we are confident that the Committee aligns with the CIPFA Position Statement.
- 13.2. The work completed by the Committee in 2023/24 fulfills the agreed remit and offers reasonable assurance that the Council's control environment, corporate risk management systems, and overall governance framework operated effectively over this period.

13.3. We do however note, based on the assignments as directed by Committee and undertaken by internal audit, assurance has fallen from substantial to limited. Whilst we are assured Senior Officers are taking steps to address these weaknesses the Audit and Scrutiny Committee will have a significant role to play to ensure appropriate actions are taken in the 2024/2025 financial year

13.4.



**Councillor Janine Rennie**  
Chair



**Councillor Denis Coyne**  
Vice Chair



**Councillor Forson**  
Committee Member



**Councillor Fairlie**  
Committee Member



**Councillor Earle**  
Committee Member



**Councillor Keogh**  
Committee Member



**Councillor Benny**  
Committee Member



**Councillor Quinn**  
Committee Member

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## APPENDIX 2 - Audit and Scrutiny Committee Development Planning Survey Results

The following survey questions were undertaken with members of the Audit and Scrutiny Committee to assist in development planning for them. The survey was split into two parts which focused on the CIPFA Self Evaluation draft answers and identifying training needs for members.

### CIPFA Self Evaluation

#### Independent and Effective Model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

Do you feel that the Audit and Scrutiny Committee is:

Directly accountable to the authority's governing body
Independent from political influence
Empowered to have rights of access to and constructive engagement with other committees/functions/ strategic groups
Empowered to have rights to request reports and seek assurances from relevant officers
Of an appropriate size to operate as a cadre of experienced, trained committee members (large committees should be avoided)

There was overall consensus that these statements were met however Committee agreed that whilst the number of members required to be quorate remains at 4, the majority of members should be from opposition groups to ensure robust scrutiny.

#### Co-opted Members

Does the Committee include co-opted independent members in accordance with the appropriate legislation (Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Do you feel that the Audit and Scrutiny Committee utilised Co-opted Members

Work undertaken by the previous Strategic Director – Partnership and Performance indicated that the size and arrangements of Clackmannanshire Council’s Audit and Scrutiny Committee were broadly similar to other Councils with no requirement to co-opt external members, During review Committee reaffirmed that should there be a future requirement this would be taken forward.

### **Core Functions**

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained. In relation to the maintenance of Governance, Risk and Control arrangements, does the Audit and Scrutiny Committee:

Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance
Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements
Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority’s exposure to the risks of fraud and corruption

There was overall consensus that these statements were met

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained. In relation to Financial and Governance reporting does/Is the Audit and Scrutiny Committee:



Satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives

Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them

There was overall consensus that these statements were met

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

In relation to establishing appropriate and effective arrangements for Audit and Assurance, does the Audit and Scrutiny Committee:

Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.

Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.

Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.

Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

There was overall consensus that these statements were met

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

Does the Audit and Scrutiny Committee consider in relation to the authority's internal audit functions:

Oversee its independence, objectivity, performance and conformance to professional standards

Support effective arrangements for internal audit

Promote the effective use of internal audit within the assurance framework

There was overall consensus that these statements were met

### **Audit and Scrutiny Committee Membership**

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Are the following characteristics of the Audit and Scrutiny Committee membership evident:

A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable

A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisations objectives

A strong, independently minded chair, displaying a depth of knowledge, skills and interest

Members noted that whilst there are highly skilled and experienced long-term Councillors on the Committee they had welcomed the introduction of the 2023/2024 training plan but indicated their disappointed that elements of the plan could not be delivered due to officer capacity. Committee welcomed that the undelivered elements had been carried into the 2024/2025 training plan.

Does the Committee chair:

Promote apolitical open discussion
Manage meetings to cover all business and encouraging a candid approach from all participants
Maintain the focus of the committee on matters of the greatest priority
Show willingness to operate in an apolitical manner
Exhibit unbiased attitudes – treating auditors, the executive and management fairly
Exhibit ability to challenge the executive and senior managers when required
Exhibit knowledge, expertise and interest in the work of the committee

There was overall consensus that these statements were met. Committee did however agree that to help improve scrutiny and review all Committee members would be invited to attend the pre-agenda meetings with officers to discuss papers in advance of the Committee meeting and focus areas of discussion and questioning given the significant number of papers that are often presented.

### **Engagement and Outputs**

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, does the Committee:

Meet regularly, at least for times a year, and have a clear policy on those items to be considered in private and those to be considered in public
Have the ability to meet privately and separately with the external auditor and internal audit manager
Include, as regular attendees, the Chief Finance Officer(s), the Chief Executive, the head of internal audit and the appointed external auditors; other attendees may include the monitoring officer and the Strategic Director of Partnership & Performance
Have the right to call on any other officers or agencies of the authority as required; recognise the independence of the chief constable in relation to operational policing matters

Support transparency, reporting regularly on its work to those charged with governance

Report annually on how the Committee has complied with the position statement, discharged its responsibilities and include an assessment on its performance. The report should be available to the public

There was overall consensus that these statements were met

### **Training Needs Analysis**

The following training priorities were identified after last years development session and will be carried forward for the Committee.

- Annual Governance Statement and Control Environment
- Cyber Security
- Performance and Risk (Phase 2)
- Principles of Best Value and Value for Money
- Fraud and Corruption
- Financial Monitoring/Scrutiny

The committee agreed to keep these training priorities, with the addition of a session with Internal Audit to look at previous committee reports where further scrutiny could have been given. This will help to develop members understanding of what areas to look for in scrutinising reports.