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**Report to: Audit & Scrutiny Committee**

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**Date of Meeting: 06 February 2025**

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**Subject: Internal Audit Progress Report**

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**Report by: Internal Audit Manager**

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## **1.0 Purpose**

1.1 This report provides an update on progress with completion of the 2024/25 Internal Audit Plan.

## **2.0 Recommendations**

2.1 It is recommended that the Committee notes:

(1) the progress being made with completion of the 2024/25 Internal Audit Plan;

(2) the additional audit work undertaken in Adult Social Care which may impact on completion of the 2024/25 Internal Audit Plan; and

(3) the action taken to kickstart the National Fraud Initiative 2024/25 Exercise, with future updates being provided to this Committee.

## **3.0 Progress with Completion of the 2024/25 Internal Audit Plan**

### **Assignments**

3.1 The 2024/25 Internal Audit Plan was agreed by Audit and Scrutiny Committee on [13 June 2024](#). It set out fifteen assignment areas to be completed by the team during the year. This includes nine audit reports to be issued to Clackmannanshire Council (those nine audit reports do not include those assignments or reports undertaken and issued to the Clackmannanshire and Stirling Integration Joint Board or the Central Scotland Valuation Joint Board). Of these nine audit reports:

- four audit reports have been completed to final report stage (as part of our committed assignment programmes of work). These include:
  - School Admissions;
  - IT and Information Security Governance;
  - Climate Change Act Public Body Duties Audit; and
  - Asbestos Management Arrangements.
- one audit review is currently in progress and will be reported to a future Audit and Scrutiny Committee; and

- four have not been started.
- 3.2 A summary of 2024/25 progress is set out at Appendix 1. Details on the scope of, and findings arising, from the two reviews finalised since the last Committee is at Appendix 2. The assurance is provided in line with the definitions at Appendix 3.
- Additional Work (in year)**
- 3.3 There has been additional audit work undertaken (and ongoing) in Adult Social Care following a request from the Clackmannanshire and Stirling Health and Social Care Partnership and Integration Joint Board's Chief Finance Officer. This may have an impact on capacity to complete the remaining audits in the Internal Audit Plan for 2024/25. This additional work has been undertaken by Internal Audit, in conjunction with Clackmannanshire Council's Payroll Section. Outcomes will be reported to the next Audit and Scrutiny Committee.
- National Fraud Initiative 2024/25 Exercise**
- 3.4 As Committee is aware, the Council participates in the National Fraud Initiative (NFI). This helps detect and prevent fraud and error by matching data sets across public bodies. The initiative runs every two years. Once matches have been released and published on the NFI website it is the responsibility of the allocated individuals in each service to review the matches, and assess and record any outcomes if appropriate. As with previous NFI exercises, priority is given to matches defined as 'high risk'.
- 3.5 In August 2024, [Audit Scotland reported](#) that NFI savings and outcomes have increased from £14.9 million in 2020/21 to £21.5 million in 2022/23. NFI figures include detected fraud, error, overpayments, and recoveries, as well as estimated future losses that have been prevented. The national exercise can only be completed satisfactorily with buy in from services to allocate suitably qualified individuals to assess each match and record the appropriate outcomes; there is a resource commitment required from services and the key contacts (Internal Audit) during this time. Audit Scotland has advised in the report that an appropriate level of resource should be made available to deliver NFI activities, especially during a time of ongoing financial pressure.
- 3.6 The 2024/25 matches have been released around six weeks earlier in response to public bodies requests for more timely receipt of matches. To make a positive difference to the Council's ability to reduce the amount of fraud / overpayments, a programme of training has been undertaken in November and December 2024 by Internal Audit and Falkirk Council's Corporate Fraud Team staff in readiness for the 2024/25 NFI exercise. This was conducted to educate new participants in what is required, and also to act as a refresher to existing staff with the aim of maximising the results from the matches. Feedback from staff has confirmed that they found it useful and believe they are better prepared to review the matches.
- 3.7 The Internal Audit Manager will report progress / outcomes in future updates to this Committee.

#### 4.0 Conclusions

- 4.1 2024/25 Internal Audit work will contribute to a balanced and evidence based year-end opinion on arrangements for risk management, governance, and control. The Internal Audit Manager does, however, anticipate that there will be an impact on completion of the 2024/25 Internal Audit Plan due to the additional work underway in Adult Social Care.
- 4.2 Audit work will be sufficient to allow the Internal Audit Manager to provide an opinion on the adequacy and effectiveness of internal controls at year-end.

#### 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**

## 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 2024/25 Progress at 15 January 2025
- Appendix 2: Internal Audit Plan 2024/25 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
Chris Alliston	Strategic Director Partnership and Performance	

## INTERNAL AUDIT PLAN 2024/25

## Progress at 15 January 2025

	Client / Directorate	Assignment	Status
<b>Annually Recurring Assignments</b>			
1.	All Directorates	National Fraud Initiative	<b>Ongoing</b>  A programme of training has been undertaken by Falkirk Council's Internal Audit and Corporate Fraud Team staff in readiness for the 2024 NFI matches.  This was conducted to educate staff in maximising the results from the matches.
2.	All Directorates	Continuous Auditing	<b>Ongoing</b>
3.	Place	Climate Change Act Public Body Duties Audit	<b>Final Report Issued</b>
4.	All Directorates	Consultancy Work	<b>Ongoing</b>
5.	All Directorates	Work on Recommendations Outstanding	<b>Ongoing</b>
6.	Internal Audit	Public Sector Internal Audit Standards: Self Assessment	<b>Ongoing</b>
7.	All Directorates	Validation Work Requests	<b>Ongoing</b>
<b>Committed Assignments</b>			
8.	Partnership and Performance / All Directorates	IT and Information Security Governance	<b>Final Report Issued</b>
9.	People	School Admissions Policy	<b>Final Report Issued</b>
10.	Partnership and Performance / All Directorates	Community Benefits	Not Started

	<b>Client / Directorate</b>	<b>Assignment</b>	<b>Status</b>
11.	Partnership and Performance / People	Follow Up of the Review of Leisure Banking	<b>In Progress</b>
12.	People / All Directorates	Follow Up of the Review of Purchase Order Arrangements at Clackmannanshire for Adult Social Care	Not Started
13.	All Directorates	Follow Up of Grade 1 Recommendations	Not Started
14.	Partnership and Performance / All Directorates	Capital Arrangements	Not Started
15.	Place / All Directorates	Asbestos Management Arrangements	<b>Final Report Issued</b>
<b>Other Client Work</b>			
16.	Clackmannanshire and Stirling Integration Joint Board	The Internal Audit Plan for 2024/25 was presented to the IJB Audit and Risk Committee on 26 June 2024.	<p><b>In Progress</b></p> <p>Additional work has been undertaken (and ongoing) in Adult Social Care by Internal Audit, in conjunction with Clackmannanshire Council's Payroll Section.</p> <p>Outcomes will be reported to the next Audit and Scrutiny Committee.</p>
17.	Central Scotland Valuation Joint Board	The Internal Audit Plan for 2024/25 was presented to the Central Scotland Valuation Joint Board on 28 June 2024.	<b>In Progress</b>

## INTERNAL AUDIT PLAN 2024/25 ASSIGNMENT OUTCOMES

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

Review	Directorate	Assurance
<b>Climate Change Act Public Body Duties Audit</b>	Place	<b>Limited Assurance</b>
Scope	Final Report Executive Summary	
<p>We undertook validation work on the Council's Public Body Climate Change Duties (PBCCD) 2023/24 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 had to be submitted to the Sustainable Scotland Network (SSN) by 30 November 2024.</p> <p>Our work focused on reviewing the reporting arrangements and the accuracy of the information in the report.</p> <p>Our previous review in 2023 of the 2022/23 Public Sector Change Duties Annual Report reported that there were considerable delays in receiving the information and final report resulting in the submission noting it was 'pending Internal Audit validation'. There was also some ambiguity around who compiled the data, resulting in several amendments being made.</p>	<p>To ensure 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"> <li>• Profile of Reporting Body;</li> <li>• Governance, Management, and Strategy;</li> <li>• Corporate Emissions, Targets, and Project Data;</li> <li>• Adaption; and</li> <li>• Procurement.</li> </ul> <p>The return is made up of the completion of a checklist, which confirms that the information has been validated by the organisation's Internal Audit section. Our work, therefore, focused on reviewing the reporting arrangements and the accuracy of the information included in the report.</p> <p>Unfortunately there have again been delays this year in Internal Audit receiving the supporting information from responsible officers and also the final Public Bodies Climate Change report. The report was, however, submitted to the SSN by the deadline of 30 November.</p> <p>Internal Audit have also found that the recommendations from last year have been partially addressed, with the following two recommendations remaining outstanding and requiring further action:</p> <ul style="list-style-type: none"> <li>• a PBCCD annual report compilation timetable should be developed with the final report completed and ready for Internal Audit validation one month before the submission deadline; and</li> <li>• a central record should be held by the Climate Emergency Working Group identifying what information was provided by which officer.</li> </ul> <p>In addition, during our current work we identified various additional required actions relating to the Council's climate change governance, management, and strategy arrangements. These involved updating the Council Travel Plan and having it approved by the Council in an appropriate timeframe; reporting waste emissions figures consistently on the return; developing a timetable to allow the final report to be completed one month prior to submission; a central record identifying what information was provided by which officer; and investigating the development of a tool to help capture carbon data to calculate project emissions savings.</p> <p>We, therefore, were able to provide Limited Assurance on the Council's reporting arrangements and the accuracy of the information set out in each section of the Annual Report.</p> <p>It is anticipated that the Energy and Sustainability Strategy Officer will report on Climate Change Duties to the Council as soon as it can be tabled. This will include recommendations based upon the findings from this audit.</p>	

Review	Directorate	Assurance
<b>Asbestos Management Arrangements</b>	Place / All Directorates	<b>Limited Assurance</b>
<b>Scope</b>	<b>Final Report Executive Summary</b>	
<p>The focus of this review was to assess the Council’s compliance with Asbestos Regulations by ensuring that corporate controls established for asbestos management arrangements including policies, procedures, guidance, and training are in place. In addition, this review tested operational controls for monitoring and inspection procedures to ensure they are operating effectively and complying with corporate policies and procedures, as well as asbestos regulations.</p> <p>The UK Health Security Asbestos General Information Guidance states that: “Asbestos is a general name given to several naturally occurring fibrous minerals that have crystallised to form fibres. Asbestos fibres do not dissolve in water or evaporate, they are resistant to heat, fire, chemical and biological degradation, and are mechanically strong. The properties of asbestos made it an ideal material for use in a number of products, including insulation material for buildings, boilers and pipes, floor tiles, and insulating board to protect buildings against fire.”</p> <p>The guidance also states: “All forms of asbestos fibres in the air are hazardous as they can induce cancer following inhalation exposure. Breathing in high concentrations of asbestos for a long period of time mainly affects the lungs, causing a disease called asbestosis where breathing becomes difficult, and the heart enlarges. Asbestosis may take decades to develop where sufferers are at an increased risk of cancer.”</p> <p>Due to the risks to health following inhalation exposure to asbestos, the importation of asbestos has been banned in the UK since 1999. The Control of Asbestos Regulations 2012 (the Regulations) set minimum standards for the protection of employees from risks related to exposure to asbestos. Employers should also take account of people not directly employed by them, but who could be affected by work being done on asbestos (including employees of other employers, people occupying buildings, members of the public etc).</p> <p>The Council’s Management of Asbestos Policy (MAP) was last updated in October 2023 and approved by the Executive Health and Safety Committee on 5 February 2024.</p>	<p>The Management of Asbestos Policy (MAP) states that: Clackmannanshire Council has a duty of care to ensure employees and other parties who have access to council premises and properties are not exposed to the harmful effects of asbestos. The Council acknowledges the health hazards arising from exposure to asbestos and will protect employees and any other persons potentially exposed as far as is reasonably practicable. This will be achieved by minimising exposure through the management of asbestos-containing materials in all Council-owned premises in line with the Control of Asbestos Regulations 2012.</p> <p>Corporate roles and responsibilities have been clearly set out in the Council’s MAP. The Policy reflects the requirements defined in the Control of Asbestos Regulations 2012. The Premises Duty Holder<sup>1</sup> (PDH) Guidance includes a section on asbestos setting out specific roles and responsibilities. The Guidance was developed in 2018, and we have recommended that this should be reviewed to ensure it is up to date and clearly reflects the role of the PDH.</p> <p>We reviewed the arrangements in place to ensure compliance with the MAP. We identified areas of compliance with the Policy including:</p> <ul style="list-style-type: none"> <li>• Asbestos building surveys were carried out by an appropriately accredited company.</li> <li>• Asbestos Management Surveys and Asbestos Management Plans are completed for Council owned operational premises.</li> <li>• Removal of asbestos is carried out by a qualified contractor.</li> <li>• The Health and Safety Team carry out audits on buildings which include checking to see whether there is an Asbestos Management Plan on site and that Asbestos Registers are getting signed by all visiting contractors.</li> </ul> <p>We also identified Asbestos Management Policy non compliance weaknesses and made recommendations in relation to the following:</p> <ul style="list-style-type: none"> <li>• There is no formally appointed Asbestos Duty Holder. A depute is in position and is fulfilling the role.</li> <li>• Not all Council owned premises have asbestos management arrangements in place.</li> <li>• There is no Council Asbestos Management Plan in place setting out how the risks identified from asbestos will be managed.</li> <li>• There is no Asbestos Incident Operational Contingency Plan within the Council’s emergency planning arrangements.</li> <li>• Asbestos awareness training has not been delivered to relevant staff since July 2022.</li> </ul> <p>We reviewed the asbestos management arrangements and PDH asbestos responsibilities in place at a sample of Council premises. This review assessed compliance with the MAP and the PDH Guidance. We identified weaknesses and made recommendations in relation to the following:</p> <ul style="list-style-type: none"> <li>• Not all PDHs had formally accepted their role or had undertaken Premises Duty Holder training.</li> <li>• A lack of awareness of PDHs regarding the location of asbestos containing materials and the emergency procedures to be followed if they are disturbed.</li> <li>• Premises Risk Assessments were not always in place, and if in place, did not always contain asbestos risk and related mitigating controls.</li> <li>• Asbestos Clearance to Work Registers were not always completed by contractors prior to works being undertaken.</li> </ul> <p>Eight recommendations have been accepted, with some aspects already implemented or underway.</p>	

<sup>1</sup> The Premises Duty Holder is an officer who is formally appointed by the Chief Executive to manage the Health and Safety Risks within a specific building(s). This role includes the management and control of Asbestos.

## DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
<b>Substantial assurance</b>	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.
<b>Limited assurance</b>	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.
<b>No assurance</b>	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.

