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**Report to: Audit Committee**

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**Date of Meeting: 20 June 2019**

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**Subject: Internal Audit Annual Assurance Report 2018/19**

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**Report by: Internal Audit Manager**

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## **1.0 Purpose**

- 1.1. This report provides an overall assurance on the Council's arrangements for risk management, governance, and control, based on Internal Audit work undertaken during 2018/19.

## **2.0 Recommendations**

- 2.1. The Committee is asked to note:
- that sufficient Internal Audit work was undertaken to support a balanced assurance;
  - that Internal Audit can provide **SUBSTANTIAL** assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2019; and
  - that Internal Audit met, or exceeded, each of its Key Performance Indicators.

## **3.0 Background**

- 3.1. It is senior managers' responsibility to establish and maintain effective and proportionate risk management, governance, and control arrangements. Internal Audit is not an extension of, or substitute for, operational management.
- 3.2. The 2017 Public Sector Internal Audit Standards (the Standards) require the Internal Audit Manager to prepare an Annual Assurance Report. This report should include:
- a statement on the overall adequacy of the Council's control environment;
  - a summary of Internal Audit work undertaken during the year; and
  - a statement on the Internal Audit Section's conformance with the Standards.

3.3. This report has been prepared to meet those requirements.

#### 4.0 Overall Adequacy of the Council's Control Environment and Summary of Internal Audit Work Undertaken During 2018/19

4.1. Eighteen main assignments were completed by Internal Audit during 2018/19. Sufficient Internal Audit work was undertaken to support a balanced opinion on the overall adequacy of the Council's control environment.

4.2. Internal Audit use a set of Assurance Categories. A summary of these is set out at **Appendix 1**.

4.3. On the basis of work undertaken, Internal Audit can provide **SUBSTANTIAL** assurance in relation to the Council's arrangements for risk management, governance, and control for the year to 31 March 2019.

4.4. Internal Audit's Plan for 2018/19 was agreed by the (then) Audit and Finance Committee on 15 March 2018. It proposed 18 main assignments. One change was made to the Plan over the course of the year, the planned review of Procurement – Waste Services was deferred into 2019/20 to allow work to be undertaken within Fleet Services.

4.5. A summary of work completed over the course of the year is set out at **Appendix 2** with the scope of, and findings arising from, each assignment set out at **Appendix 3**.

4.6. Internal Audit measures performance against the following Key Performance Indicators.

Key Performance Indicator	2018/19	2017/18
Complete <b>85%</b> of main audit programme	<b>100%</b>	100%
Have <b>90%</b> of recommendations accepted	<b>100%</b>	100%
Issue <b>75%</b> of draft reports within 3 weeks of completion of fieldwork	<b>100%</b>	100%
Complete (to issue of final report) <b>75%</b> of main audits within budget	<b>78%</b>	82%

4.7. Actual performance met or exceeded target for all four indicators. Four assignments exceeded the initial, allocated, time budget. I am content, however, that this was appropriate and necessary to allow all relevant audit testing and fieldwork to be completed. In overall terms, the programme of planned work was completed within the agreed time allocation.

#### 5.0 Compliance With Public Sector Internal Audit Standards

5.1. Internal Audit seeks to undertake all work in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). These standards have four objectives:

- to define the nature of Internal Auditing within the UK public sector;

- to set basic principles for carrying out Internal Audit in the UK public sector;
  - to establish a framework for providing Internal Audit services, which add value to the organisation, leading to improved organisational processes and operations; and
  - to establish the basis for the evaluation of Internal Audit performance and to drive improvement planning.
- 5.2. The Standards require the Internal Audit Manager to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self assessment and a five yearly external assessment.
- 5.3. Internal Audit services are provided on the basis of a Joint Working Agreement with Falkirk Council. The procedures, practices, and standards applied are consistent across the two Councils. During 2018/19, the Scottish Prison Service’s Head of Audit and Assurance undertook an independent review of Falkirk Council Internal Audit section’s compliance with Public Sector Internal Audit Standards, concluding that the Section is “broadly compliant with PSIAS”. This was a positive outcome and, given that consistent standards are applied across the two Councils, reliance can be placed on this conclusion in relation to Clackmannanshire Council’s Internal Audit service.
- 5.4. In addition, the Council’s appointed External Auditors, Audit Scotland, undertook a review of Internal Audit during 2018/19. Audit Scotland concluded that Internal Audit has sound reporting arrangements in place and is complying with the main requirements of PSIAS.

## **6.0 Conclusions**

- 6.1. Internal Audit undertook sufficient work during 2018/19 to support a balanced and evidence based opinion that Substantial Assurance could be placed on the Council’s arrangements for risk management, governance, and control.

## **7.0 Sustainability Implications**

- 7.1. None noted.

## **8.0 Resource Implications**

### *8.1. Financial Details*

- 8.2. 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
- 8.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

#### 8.4. Staffing

### 9.0 Exempt Reports

9.1. Is this report exempt? Yes  (please detail the reasons for exemption below) 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 they can thrive and flourish ✓

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

### 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?

Yes  No  N/A

### 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".

- **Appendix 1:** Definition of Internal Audit Assurance Categories
- **Appendix 2:** Summary of 2018/19 Internal Audit Programme
- **Appendix 3:** Details of 2018/19 Internal Audit Programme

### 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) No

**Author(s)**

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**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Stuart Crickmar	Strategic Director – Partnership and Performance	

### 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.

### Summary of 2018/19 Internal Audit Programme

Planned Assignments (as per 2018/19 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
1.	All Services	Continuous Auditing	<b>Duplicate Creditors payments of £55k identified during 2018/19</b>
2.	All Services	National Fraud Initiative	<b>Not Applicable</b>
3.	Place	Climate Change Act Public Body Duties Audit	<b>Substantial Assurance</b>
4.	People	Cash / Income Collection: <ul style="list-style-type: none"> <li>• Scottish Welfare Fund;</li> <li>• Central Imprest Fund;</li> <li>• Kilncraigs Main Reception.</li> </ul>	<b>Not Applicable – Undertaken on Spot Check Basis</b>
5.	All Services	Follow Up of Internal Audit Recommendations	<b>Not Applicable</b>
6.	All Services	Ad hoc / Consultancy Work	<b>Not Applicable</b>
7.	Clackmannanshire and Stirling IJB	Participation and Engagement / Carers' Act	<b>To be reported to IJB Audit Committee</b>
8.	Central Scotland Valuation Joint Board	<ul style="list-style-type: none"> <li>• Business Continuity Planning; and</li> <li>• Freedom of Information Request Arrangements.</li> </ul>	<b>Limited Assurance<sup>1</sup></b> <b>Substantial Assurance<sup>1</sup></b>
9.	People	Public Protection (Children) - Governance	<b>Substantial Assurance</b>
10.	All Services	Building Security (Operational Council Buildings)	<b>No Assurance</b>
11.	Partnership and Performance	PREVENT (Counter Terrorism) and Serious Organised Crime Readiness	<b>Substantial Assurance</b>
12.	Partnership and Performance	Supplier Set Up and Supplier Bank Account Changes	<b>Limited Assurance</b>
13.	Partnership and Performance	External Quality Assessment of Internal Audit Function	<b>Reliance on Falkirk Council Internal Audit EQA Outcome – Broadly Compliant with Public Sector Internal Audit Standards</b>
14.	Place	Health and Safety – Statutory Electrical Inspections	<b>Substantial Assurance</b>

<sup>1</sup> As reported to Central Scotland Valuation Joint Board on 01 February 2019.

<b>Planned Assignments (as per 2018/19 Internal Audit Plan)</b>			
	<b>Service</b>	<b>Assignment</b>	<b>Level of Assurance</b>
15.	Partnership and Performance	GDPR Readiness	<b>Substantial / Limited Assurance</b>
16.	All Services	Sickness Absence	<b>Substantial / Limited Assurance</b>
17.	Place	LED Streetlighting Project – Benefits Realisation	<b>Substantial Assurance</b>

<b>Additional Assignment</b>			
	<b>Service</b>	<b>Assignment</b>	<b>Level of Assurance</b>
1.	Place	Fleet Services: <ul style="list-style-type: none"> <li>• Vehicle Management and Usage Follow Up;</li> <li>• Invoice Approval and Payment Arrangements.</li> </ul>	<b>Substantial Assurance</b>  <b>Limited Assurance</b>

<b>Deferred Assignment</b>		
	<b>Service</b>	<b>Assignment</b>
1.	Place / Partnership and Performance	Procurement – Waste Services

## Details of 2018/19 Internal Audit Programme

Assignment	Service	Assurance
Continuous Auditing	All Services	N/A – Ongoing Assurance
Scope	Final Report Executive Summary	
<p>This involves analysing Creditors payment file data (payments to suppliers of goods and services) to identify any potential duplicate payments.</p> <p>We use audit interrogation software to identify any matches on invoice date, invoice amount, and invoice number. We then check our initial results on TechOne to identify any cancelled payments; payments made to different suppliers; and duplicate payments that have already been identified and either cancelled or monies recovered.</p>	<p>For the period April 2018 to March 2019 we identified 41 potential duplicate payments, with a value <b>c£55k</b>. Details of these have been passed to the Chief Finance Officer for appropriate recovery action.</p>	

Assignment	Service	Assurance
National Fraud Initiative	All Services	Not Applicable
Scope	Final Report Executive Summary	
<p>The purpose of the NFI exercise is to review and investigate the outcomes of data matching undertaken by Audit Scotland on behalf of the Cabinet Office. Matches cover areas such as Payroll, Housing and Council Tax Benefit, Council Tax Single Person Discount, and Creditors.</p> <p>The Internal Audit Manager acts as Key Contact for NFI, with responsibility for co-ordinating the process of ensuring that relevant matches are followed-up.</p>	<p>The 2016/17 NFI exercise is now closed.</p> <p>472 'Recommended' matches were released to Clackmannanshire Council for review and investigation (1,352 matches in total). Services investigated and closed 962 matches. No instances of fraud, and a total of 31 errors (with a total value of £37,690), were identified, with recovery underway.</p> <p>In addition to the core NFI exercise, Clackmannanshire Council participates in a related exercise designed to detect wrongly claimed Council Tax Single Person Discount. Since 01 April 2017, as a result of participation in this exercise (which matches Council Tax and Electoral Roll data), frauds or errors totalling c£11k were detected, with recovery action taken.</p> <p>The 2018/19 NFI exercise is now underway. The required data has been gathered from Services and uploaded via the secure on-line NFI application. The resultant data matches were made available on 31 January 2019, and work is underway to prioritise and investigate.</p>	

Assignment	Service	Assurance
<b>Climate Change Act Public Body Duties</b>	Place	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>The Climate Change (Scotland) Act 2009 introduced the requirement for public bodies to report on their climate change duties. An Annual Report must be submitted to the Sustainable Scotland Network by 30 November, covering:</p> <ul style="list-style-type: none"> <li>• Organisational Profile;</li> <li>• Governance, Management, and Strategy;</li> <li>• Corporate Emissions, Targets, and Project Date;</li> <li>• Adaptation;</li> <li>• Procurement; and</li> <li>• Validation and Declaration.</li> </ul> <p>We undertook validation work on the Council's 2017/18 Annual Report.</p>	<p>We were able to provide Substantial Assurance on the Council's reporting arrangements and the accuracy of the information in the Annual Report.</p> <p>We did, however, suggest that target dates should be set for updating the Sustainability and Climate Change Strategy, establishing a Carbon Management Group, revising the Carbon Management Plan, and developing a Climate Change Adaptation Strategy.</p>	

Assignment	Service	Assurance
<b>Cash and Income Collection</b>	People	<b>N/A – Spot Check</b>
Scope	Final Report Executive Summary	
<p>We undertook a spot check of the cash handling arrangements for:</p> <ul style="list-style-type: none"> <li>• the Scottish Welfare Fund;</li> <li>• Central Imprest Fund; and</li> <li>• Kilncraigs Main Reception.</li> </ul>	<p><u>Scottish Welfare Fund</u> Cash held reconciled to the cash / award register and the safe's insurance limit was not breached. There was a need to ensure that:</p> <ul style="list-style-type: none"> <li>• the written procedures cover all cash handling processes;</li> <li>• the current safe is replaced with a more secure safe;</li> <li>• the cash balances and transactions are subject to regular management scrutiny, and that a record of all management checks is retained.</li> </ul> <p><u>Central Imprest Fund</u> Cash held reconciled to the claim log, replenishments of the Fund were being appropriately authorised, and the safe's insurance limit was not breached. There was, however, a need to ensure that:</p> <ul style="list-style-type: none"> <li>• a record is retained of the officer issuing funds;</li> <li>• a safe log is introduced;</li> <li>• cash balances and transactions are subject to regular management scrutiny, and that a record of all management checks is retained.</li> </ul> <p><u>Kilncraigs Main Reception</u> Cash floats and income collected at the time of the visit were complete and reconciled. The arrangements for the handover of income to the external security firm were also operating effectively. There was a need to ensure that:</p> <ul style="list-style-type: none"> <li>• the written procedures cover all cash handling processes;</li> <li>• cash drawers are locked when not in use; and</li> <li>• the safe is locked during office hours and a register of contents introduced.</li> </ul>	

Assignment	Service	Assurance
<b>Public Protection (Children) - Governance</b>	People	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
We reviewed the clarity of governance and accountability arrangements and the roles and responsibilities of the Child Protection Committee. This included risk, and performance monitoring.	<p>We were able to provide Substantial Assurance in relation to Child Protection Committee governance arrangements.</p> <p>All staff consulted during the review were clear about their roles and responsibilities. There are regular Child Protection Committee meetings and an Improvement Plan is in place. Governance arrangements could be enhanced through the review of Committee and Sub-Group Terms of References', and by taking formal minutes at all Sub-Group meetings.</p>	

Assignment	Service	Assurance
<b>Building Security</b>	All Services	<b>No Assurance</b>
Scope	Final Report Executive Summary	
The purpose of this review was to evaluate and report on the adequacy of the controls in place to ensure that Clackmannanshire Council's operational buildings, and their contents, are secure.	<p>We undertook unannounced visits to a sample of ten operational buildings. We reviewed the physical security measures in place at each building, together with local arrangements for monitoring, recording, reporting, and investigating security incidents. Our sample was selected to include varying types of occupancy (eg, staff, pupils, and elderly residents) and valuables (eg, assets, stock, and data).</p> <p>Whilst our unannounced visits provided us with insight into some of the more obvious physical security measures in place (eg, perimeter fences and secure door entry systems) and their effectiveness, there were elements where we relied on the operation of the controls that we were advised of at the time of our visit (eg, CCTV and Intruder Alarm arrangements).</p> <p>It should be highlighted that, after our visit to the first school, the janitor raised concerns about the visit and the nature of the questions asked. This resulted in the emergency response arrangements being invoked and, as a result, on the same day we were stopped at the third school we visited.</p> <p>We were, however, able to provide No Assurance on the adequacy of building security arrangements. We found there to be a number of significant weaknesses that require to be addressed, including:</p> <ul style="list-style-type: none"> <li>• unauthorised entry was gained to eight operational buildings, several of which contained vulnerable persons. Access was gained through a variety of means, including unlocked doors, bypassing reception controls, and tailgating;</li> <li>• at a corporate level, no officer has overall responsibility for developing, disseminating, and enforcing building security standards; and</li> <li>• clear and comprehensive guidance is not available corporately setting out key security controls and the process for recording, investigating, and reporting security incidents / breaches.</li> </ul> <p>Since the audit the Senior Leadership Group has put in place an action plan to address identified weaknesses, and Internal Audit will undertake further checks during 2019/20.</p>	

Assignment	Service	Assurance
<b>PREVENT (Counter Terrorism) and Serious Organised Crime Readiness</b>	Partnership and Performance	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>The scope of this review was to evaluate and report on arrangements for implementing and embedding the duties and principles set out in:</p> <ul style="list-style-type: none"> <li>• PREVENT Duty Guidance for Scotland; and</li> <li>• Scotland's Serious Organised Crime Strategy.</li> </ul> <p>We reviewed:</p> <ul style="list-style-type: none"> <li>• The clarity of governance and accountability arrangements and roles and responsibilities;</li> <li>• Progress with deployment of the corporate CONTEST / PREVENT and Serious Organised Crime delivery plans.</li> </ul>	<p>We were able to provide 'substantial assurance' in relation to the arrangements for CONTEST / PREVENT, and Serious Organised Crime readiness.</p> <p>In relation to CONTEST / PREVENT we found that roles and responsibilities had been formalised and were well understood. The Council has completed the national PREVENT self assessment, and an action plan is in place. There have been regular updates on progress provided to the Risk and Integrity Forum and the Senior Leadership Group.</p> <p>Similar arrangements were in place for Serious Organised Crime. A high level assessment has been undertaken and an action plan is in place. We found that there was scope to improve the action plan by ensuring that timescales for implementation were recorded. There was also scope to ensure that actions are being progressed quicker.</p> <p>Progress in both areas is reported to the Corporate Risk and Integrity Forum. There are specific risks on failure to prevent extremism and / or radicalisation; and failure to address Serious Organised Crime recorded on the corporate risk log.</p>	

Assignment	Service	Assurance
<b>Supplier Set Up and Supplier Bank Account Changes</b>	Partnership and Performance	<b>Limited Assurance</b>
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>• Controls over the input, checking, and authorisation of supplier set up, and changes to supplier details, including roles and responsibilities, the adequacy of segregation of duties, and associated guidance; and</li> <li>• Controls specifically relating to supplier bank account changes, to ensure these are genuine, appropriately authorised, and accurately processed.</li> </ul>	<p>We were able to provide 'limited assurance' in relation to the adequacy of the controls in place for supplier set up and bank account changes.</p> <p>We reviewed sixty transactions (twenty new suppliers, twenty supplier changes, and twenty supplier bank account changes) selected from all TechOne supplier changes between 1 April 2017 and 3 May 2018. We were content that the supplier records on the corporate finance system were being accurately updated.</p> <p>We did find some weaknesses in the controls over the processing, checking, and authorising of new supplier details and changes.</p> <p>In particular, there was no requirement for authorisation when creating new supplier details or amending bank account details.</p> <p>There were no post processing management checks to ensure that bank account changes or new suppliers' data are valid and have been processed accurately. We have recommended that management checks are introduced to reduce the risk of financial loss should supplier details be deliberately or inadvertently amended.</p> <p>Our analysis of the supplier database also highlighted a number of duplicate records, and we have provided details of these to the Chief Finance Officer for review and action as appropriate. In addition, we have suggested that the existing functionality within the corporate finance system should be fully utilised to ensure that supporting documentation, relating to new suppliers or changes, can be attached to the supplier record.</p> <p>Since the audit the Service has agreed to make a number of changes to the process of setting up new suppliers and amending existing details. This will mean that no new supplier will be added unless the necessary supporting documentation has been completed and authorised. All trade creditors will require approval by Procurement. New guidance has been issued to all users.</p>	

Assignment	Service	Assurance
<b>External Quality Assessment (EQA) of Internal Audit Function</b>	Partnership and Performance	<b>Reliance on Falkirk Council EQA outcome – Broadly Compliant with Public Sector Internal Audit Standards</b>
Scope	Final Report Executive Summary	
<p>Internal Audit seeks to operate in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). One of the requirements of PSIAS is that the Internal Audit Manager develops a Quality Assurance and Improvement Programme (QAIP) to enable evaluation of the section's conformance with PSIAS.</p> <p>The QAIP must include annual self assessments and five yearly independent external assessment.</p>	<p>Internal Audit services are provided on the basis of a Joint Working Agreement with Falkirk Council. The Internal Audit Manager undertook a self assessment of the Falkirk Council Internal Audit team's compliance against PSIAS in early 2018. This concluded that the section was broadly compliant with PSIAS. To fulfil the requirement for five yearly external assessment, the Scottish Prison Service's (SPS) Head of Audit and Assurance undertook an independent validation of this self assessment.</p> <p>The SPS report concluded:</p> <p>“Our review of the Falkirk Council (FC) Internal Audit (IA) PSIAS self-assessment concluded, in line with the self-assessment itself (undertaken by FC's Internal Audit Manager), that FCIA is broadly compliant with PSIAS.</p> <p>The quality of the FCIA self-assessment was sound, and was predicated on the Scottish Local Authorities Chief Internal Auditor Group (SLACIAG) checklist devised specifically for PSIAS compliance self-assessment. Sufficient evidence was collated and included on the self-assessment file to corroborate and validate questionnaire responses.</p> <p>Matters arising from the FCIA self-assessment have been incorporated by them in an action plan, the completion of which will result in FCIA being closer to full compliance with PSIAS. The nature of the actions relate more to continuously improving FCIA practice and approach than dealing with material non-compliance with PSIAS.”</p> <p>The approach taken by the Internal Audit team at Clackmannanshire Council mirrors that at Falkirk Council. On that basis, reliance can be placed on the outcomes of the independent review undertaken by SPS.</p> <p>Nevertheless, arrangements will be made to ensure that a specific, independent, review is undertaken of the team responsible for delivering Internal Audit services to Clackmannanshire Council.</p>	

Assignment	Service	Assurance
<b>Health and Safety – Statutory Electrical Inspections</b>	Place	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>Roles and responsibilities of those involved with statutory inspections, to ensure that inspection work is undertaken within appropriate timescales, that necessary corrective action is taken, and that appropriate monitoring and reporting arrangements are in place;</li> <li>Arrangements to ensure that all operational buildings are identified and that an appropriate inspection program is in place; and</li> </ul>	<p>We were able to provide 'substantial assurance' in relation to the adequacy of the arrangements for inspections of fixed wire installations within corporate public buildings.</p> <p>The nature of some of our findings would normally have resulted in limited assurance. For example, the contract management, inspection, and monitoring arrangements that were previously in place were inadequate. This means the Council is unable to demonstrate that all operational public buildings have been adequately inspected and remedial works completed to the necessary standard.</p> <p>On this occasion, however, our level of assurance has taken into account the fact that the main issues that have been ongoing for some time have now been recognised by management, with steps either planned, or in progress, to address them.</p> <p>It also reflects the work being undertaken by the Team Leader for Planned Works and Compliance, and the Project Team, to actively</p>	

<ul style="list-style-type: none"> <li>The retention of evidence of inspection of fixed wire installations, and any remedial work.</li> </ul>	<p>implement measures to improve the overall internal control framework.</p> <p>Many of these initiatives, such as the new contract award, the setting up and creation of the Project Team, and the identification of the backlog of electrical repairs, are already in place.</p> <p>Other actions, such as the monitoring of key performance indicators, the review of contractor Electrical Installation Condition Report certification to ensure the ratings remain appropriate, the quality checking of electrical testing findings and remedial works, and regular performance meetings and reporting, will take time to fully realise intended benefits but will, over time, lead to improvement. For all of these, we were content that the Project Team were able to demonstrate progress and future plans.</p> <p>We recognise that recommendations made by Internal Audit have already been identified by the Team Leader for Planned Works and Compliance, and that work is in progress to rectify them. We have made these recommendations to ensure that the actions identified are fully implemented.</p> <p>We have also recommended that a corporate Electrical Safety Policy is developed jointly by the Health and Safety Team and the Project Team.</p>
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Assignment	Service	Assurance
<b>GDPR Readiness</b>	Partnership and Performance	<b>Substantial / Limited Assurance</b>
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>the clarity of accountability arrangements and roles and responsibilities;</li> <li>overall project planning and management arrangements. To include the reporting of progress with the GDPR action plan; and</li> <li>communications and awareness raising. To include the availability of Council wide guidance and training.</li> </ul>	<p>We were able to provide 'limited assurance' in relation to the clarity of accountability arrangements, roles and responsibilities, and project planning and management arrangements, and 'substantial assurance' in relation to communication and awareness raising.</p> <p>In relation to accountability arrangements and roles and responsibilities, a Data Protection Officer has been appointed. The Council's Acting Senior Governance Officer is responsible for day to day progress.</p> <p>From reviewing the minutes of meetings we reached the conclusion that the Council's Records Management and Information Governance Working Group has not been adequately overseeing the Council's preparation for GDPR. There was, for example, no regular formal report on progress provided to the Group in the lead up to 25 May 2018. In addition, there have been no formal progress reports from the Group to the Risk and Integrity Forum, Corporate Management Team, or Elected Members.</p> <p>We also found there was no record of the Group's Terms of Reference and performance being reviewed annually. There is a need to ensure that the Group's Terms of Reference is updated to specifically state its role in relation to Data Protection and Information Security.</p> <p>We were content that GDPR related procedures and guidance had been developed. The Data Protection Policy was updated in May 2018 to include GDPR requirements. The updated Policy had not, however, been agreed by the Records Management and Information Governance Working Group or by Elected Members.</p> <p>In relation to project planning and management arrangements, a GDPR project plan is in place. We have recommended this should be updated to include target implementation dates. Project plan progress should also start to be formally reported to each meeting of the Records Management and Information Governance Working Group.</p> <p>There have been a range of actions taken to raise awareness of GDPR within the Council. Guidance has been prepared, and e-learning training made available to staff. Elected members have still to receive training, although this is due to take place in September 2018.</p>	

	In relation to the e-learning training, this is mandatory for all staff. It is evident that the majority of staff have yet to complete it. We understand that, to address this, HR will provide the Data Protection Officer with a training completion report which will highlight those business areas where action is needed to improve uptake.
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Assignment	Service	Assurance
<b>Sickness Absence</b>	All Services	<b>Substantial / Limited Assurance</b>
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>• a sample of current short and long term sickness absences to ensure these are being managed and monitored by Services in line with the Maximising Attendance Policy and Procedure. This included ensuring: <ul style="list-style-type: none"> <li>• the absence is accurately recorded on iTrent;</li> <li>• that self certificate, Statement for Fitness for Work, and occupational health requirements / timescales are being followed;</li> <li>• there is regular contact between the staff member and their line manager; and</li> <li>• correct adjustments have been made to pay and annual leave entitlement.</li> </ul> </li> <li>• the availability of management information provided to Services, including the frequency of reporting and review of sickness absence levels, trigger points, and trends.</li> </ul>	<p>We provided 'substantial assurance' in relation to the adequacy of the Maximising Attendance Policy and the provision of management information to Directorates, and 'limited assurance' in relation to the recording of sickness absence details and supporting documentation by line managers on iTrent.</p> <p>At the corporate level we found that a robust internal control framework was in place. The Maximising Attendance Policy and Procedures were recently updated, are comprehensive, and set out roles and responsibilities. We made some suggestions of areas where the Policy and Procedures could be further enhanced.</p> <p>We were content with the range and frequency of information available to line managers and provided by HR to Directorates.</p> <p>In relation to the recording of sickness absence details and supporting documentation by line managers we found some significant weaknesses.</p> <p>Directorates are taking steps to improve Maximising Attendance arrangements, and we recognise that line managers continue to put a lot of work into managing absences as per the Policy.</p> <p>Our findings, however, show that iTrent, the Council's employee and management self service system, is not always being fully updated by line managers as specified in the Maximising Attendance Procedure. In particular, all necessary documentation is not always uploaded. In relation to long term absences, steps are not always being applied on a timely basis.</p> <p>We concluded that iTrent is being under utilised by line managers to fully record all the sickness absence steps, and to upload sickness absence documentation. In our opinion, there is scope for making better use of iTrent.</p> <p>We found only two instances within our sample that were fully compliant with the Policy and Procedures, with all appropriate steps recorded on iTrent and all supporting documentation available.</p> <p>While we found that, in most cases, the date of sickness absence, and the nature of illness, are being recorded by line managers on iTrent, our testing of a sample of absences identified a range of instances where the Policy had not been fully applied. These include:</p> <ul style="list-style-type: none"> <li>• issues with self certificate or fitness to work statements;</li> <li>• no record on iTrent of return to work meetings;</li> <li>• no record on iTrent of support and guidance meeting; and</li> <li>• Occupational Health referrals not being undertaken on a timely basis.</li> </ul> <p>In the areas where the Policy and Procedures are not being fully applied there may be a risk that sickness absence will not be effectively managed, potentially resulting in longer absences and greater costs. This will ultimately undermine the efforts being made across the Council to improve sickness absence rates.</p> <p>Since the audit a corporate action plan has been agreed by the Senior Leadership Group.</p>	

Assignment	Service	Assurance
<b>LED Streetlighting Project – Benefits Realisation</b>	Place	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>Roles and responsibilities of those involved in monitoring and confirming that the anticipated benefits / required outcomes have been realised;</li> <li>Accountability for delivering and measuring benefits / outcomes; and</li> <li>The adequacy of management information.</li> </ul>	<p>We were able to provide ‘substantial assurance’ in relation to the arrangements for benefits realisation of the Street Lighting Project.</p> <p>The Street Lighting Project budget was approved by the Council in 2015. The accelerated programme agreed by the Council in October 2016 was on the basis of increased revenue savings.</p> <p>The Street Lighting Team Leader is the lead officer of the Street Lighting Project. This includes managing the day to day arrangements for assessing stock condition, managing works, contract management, and monitoring costs and savings.</p> <p>We were content that the benefits / outcomes of the Street Lighting Project were well understood. These included reduced: annual electricity costs; maintenance costs; and carbon emissions.</p> <p>There were no arrangements in place for reporting Street Lighting Project progress or the results of the benefit / outcome measurement. We recommended that this is addressed, to enable the Council to demonstrate that the capital investment has delivered the anticipated significant revenue savings.</p> <p>We also recommended that the appropriate steps are taken to ensure that the benefits / outcomes of the Street Lighting Project are included in the Council’s Climate Change Duties Annual Report.</p>	

Assignment	Service	Assurance
<b>Fleet Services: Vehicle Management and Usage Follow Up and Invoice Approval and Payment Arrangements</b>	Place	<b>Substantial / Limited Assurance</b>
Scope	Final Report Executive Summary	
<p>We followed up on the recommendations made in our 2017/18 review of Fleet Management and Usage.</p> <p>We also reviewed the systems in place within Fleet Services for ordering and paying for goods and services, and officers’ compliance with Financial Regulations and Contract Standing Orders.</p>	<p>We found that the majority of recommendations had been implemented. These related to: staffing arrangements; Operator’s Licence administration; the use of the Drivercheck system; Fleet Services’ records; and the review of fleet size. Work is underway to address remaining recommendations, relating to: training; use of digital tachographs; and use of the SAVE system by staff.</p> <p>We were able to provide ‘limited assurance’ in relation to invoice approval and payment arrangements.</p> <p>We found that orders were raised and approved with appropriate financial authority and appropriate segregation of duties in place. We did, however, find instances of non compliance with Financial Regulations and Contract Standing Orders. These included:</p> <ul style="list-style-type: none"> <li>no evidence of required procurement activity;</li> <li>no evidence of exemptions to the Financial Regulations and Contract Standing Orders requirements being formally agreed; and</li> <li>a lack of evidence of checking orders to contract price schedules.</li> </ul> <p>Since the audit, the Team Leader for Traffic and Transportation has met with the Procurement Manager to discuss the arrangements in place at Fleet Services and to agree measures to ensure compliance with Financial Regulations and Contract Standing Orders.</p>	