

Appendix 1

Falkirk Council

Title: Internal Audit Annual Assurance Report 2022/23
Meeting: Audit Committee
Date: 19 June 2023
Submitted By: Internal Audit, Risk, and Corporate Fraud Manager

1. Purpose of Report

- 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 2022/23.

2. Recommendation

2.1 It is recommended that the Committee notes that:

- (1) sufficient Internal Audit work was undertaken to support a balanced assurance;**
- (2) Internal Audit can provide SUBSTANTIAL assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2023;**
- (3) Internal Audit met, or exceeded, each of its Key Performance Indicators; and**
- (4) the Internal Audit section operated in compliance with Public Sector Internal Audit Standards, and there has been no impairment to the independence of internal audit activity during the year.**

3. Overall Adequacy of the Council's Control Environment and Summary of Internal Audit Work Undertaken During 2022/23

- 3.1 Financial Regulations are clear that 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 The 2022/23 Internal Audit Plan agreed by Audit Committee on 7 November 2022 set out 20 assignment areas to be completed by the team over the course of the year. In addition, there was an audit of Savings and Transformation Tracking ongoing from 2021/22 giving a total of 21 assignment areas (including other client work).
- 3.4 Of these 21 assignment areas, 14 of them required Falkirk Council audit reports to be completed. A summary of the status of the 14 audit reports is as follows:
- 8 audit reports have been completed to final report stage as part of our annual and committed assignment programmes of work, including the piece of work ongoing from 2021/22.
 - 4 audit reports are in progress as part of the 2022/23 programme of work. These pieces of work are ongoing and are at draft report stage. This includes a reciprocal review with West Lothian Council; and
 - We deferred 2 audit reviews into the 2023/24 Internal Audit Plan. These are 'Procurement and Housing Property Support and Follow Up Stage Two' and 'Fleet Management and Monitoring Arrangements: Follow-up of 2021/22 Recommendations Stage Two'.
- 3.5 Internal Audit use a set of Assurance Categories. A summary of these is set out at Appendix 1. A summary of assignments is set out at Appendix 2, with details on assignments and finalised Internal Audit reports (the scope of, and findings arising from) set out at Appendix 3.
- 3.6 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 2023.
- 3.7 Internal Audit measures performance against the following Key Performance Indicators.

Key Performance Indicator	2022/23 Performance ¹	2021/22 Performance ²	2020/21 Performance	2019/20 Performance
1. Complete 85% of agreed audits.	89%	91%	95%	91%
2. Have 90% of recommendations accepted.	100%	100%	100%	100%
3. Issue 85% of draft reports within 3 weeks of	100%	100%	100%	100%

¹Our performance figures do not include Strathcarron Hospice as this is an external organisation. We report separately to the Strathcarron Hospice Audit Committee.

²Our performance figures do not include Strathcarron Hospice as this is an external organisation. We report separately to the Strathcarron Hospice Audit Committee.

Key Performance Indicator	2022/23 Performance ¹	2021/22 Performance ²	2020/21 Performance	2019/20 Performance
completion of fieldwork.				

3.8 For 2022/23 actual performance met or exceeded targets for all three indicators, although the impact of last year's Internal Audit resourcing issues meant that performance has dropped slightly in one of the indicators. I am content, however, that the majority of the programme of work has been completed.

4. Compliance With Public Sector Internal Audit Standards

4.1 Internal Audit seeks to undertake all work in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS – the Standards). 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.

4.2 The Standards define internal auditing as, “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

4.3 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records, and governance arrangements. Internal Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. There has not been any real or apparent impairment of independence or objectivity relating to audit work.

4.4 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. Part of this annual assessment includes the Internal Audit Manager confirming the organisational independence of the internal audit activity and to confirm that they report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. This requirement is further defined in the PSIAS as being met when the Internal Audit Manager reports functionally to Audit Committee. Both of these requirements continued to be met during 2022/23.

- 4.5 Internal Audit operated throughout 2022/23 with no impairments or restrictions in independence.
- 4.6 The Internal Audit Manager undertook a detailed self assessment against the Standards in March 2023. This confirmed continuing compliance with the Standards, and will be subject to independent, external validation as part of a national review process established by the Scottish Local Authorities Chief Internal Auditors' Group.

5. Implications

Financial

- 5.1 There are no financial implications.

Resources

- 5.2 There are no resource implications.

Legal

- 5.3 There are no legal implications.

Risk

- 5.4 The role of Internal Audit is to provide Members with assurance on the Council's arrangements for risk management, governance, and control. Recommendations made by Internal Audit aim to reduce or mitigate risk to which the Council may be exposed.

Equalities

- 5.5 An equality and poverty impact assessment is not required.

Sustainability / Environmental Impact

- 5.6 A sustainability / environmental assessment is not required.

6. Conclusions

- 6.1 Internal Audit undertook sufficient work during 2022/23 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.

- 6.2 In providing that opinion, Internal Audit operated in compliance with the Public Sector Internal Audit Standards with no impairments or restrictions to independence.

Internal Audit, Risk, and Corporate Fraud Manager

Date: 8 June 2023

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Appendices:

Appendix 1: Definition of Internal Audit Assurance Categories.

Appendix 2: Summary of 2022/23 Internal Audit Programme.

Appendix 3: Details of 2022/23 Internal Audit Programme.

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

None.

DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
Substantial Assurance	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited Assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No Assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

SUMMARY OF 2022/23 INTERNAL AUDIT PROGRAMME

Outstanding Assignments (as per 2021/22 Internal Audit Plan)			
	Service	Assignment	Status
17.	All Services	Savings Transformation and Tracking	Final Report Issued Limited Assurance

Planned Assignments (as per 2022/23 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
Annually Recurring Assignments			
1.	All Services	Consultancy Work	Not Applicable – Ongoing Assurance
2.	All Services	Public Sector Internal Audit Standards – Self Assessment	Broadly Compliant with PSIAS. External assessment will be undertaken during Quarter 2 of 2023/24.
3.	All Services	Continuous Auditing	Not Applicable - Ongoing Assurance
4.	All Services	National Fraud Initiative	Not Applicable – Ongoing Assurance
5.	Place Services	LEADER Grant Audit	Final Report Issued Substantial Assurance
6.	Place Services	Climate Change Act Public Body Duties Audit	Final Report Issued Substantial Assurance
7.	Transformation, Communities, and Corporate Services	Scottish Housing Regulator – Annual Assurance Statement Audit	Final Report Issued Substantial Assurance
8.	All Services	Work on Recommendations Outstanding	Not Applicable – Ongoing Assurance
Committed Assignments – April to September 2021			
9.	All Services	Legionella Management Arrangements	Draft Report Issued

Planned Assignments (as per 2022/23 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
10.	Place Services	Fleet Management and Monitoring Arrangements: Follow-up of 2021/22 Recommendations Stage One	Final Report Issued Assurance: Not Appropriate³
11.	Place Services	Fleet Management and Monitoring Arrangements: Follow-up of 2021/22 Recommendations Stage Two	Fieldwork Ongoing (was deferred into the 2023/24 Internal Audit Plan)
12.	All Services	Building Security	Final Report Issued Substantial Assurance
13.	Children's Services	IPay arrangements	Draft Report Issued
14.	Transformation, Communities, and Corporate Services	Procurement and Housing Property Support and Follow Up Stage Two	Fieldwork Ongoing (was deferred into the 2023/24 Internal Audit Plan)
15.	All Services	Physical Income Security Arrangements	Draft Report Issued
16.	Transformation, Communities, and Corporate Services / All Services	Refugee Schemes Governance	Final Report Issued Substantial Assurance
Other Client Work			

³ There was no overall assurance level assigned to this piece of work since it was a follow-up review checking progress with the implementation of previous Internal Audit recommendations.

Planned Assignments (as per 2022/23 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
17.	Falkirk Integration Joint Board	Coverage was agreed with the IJB Audit Committee on 23 September 2022.	<p>The role of IJB Chief Internal Auditor rotates on a three yearly basis between Falkirk Council and NHS Forth Valley. From 1 April 2022 the role transferred to Fife, Tayside, and Forth Valley (FTF) Internal Audit Services.</p> <p>Audit work was reported to Integrated Joint Board Audit Committee on 16 June 2023.</p>
18.	Falkirk Pension Fund	Coverage was agreed with the Pensions Committee and Board on 26 September 2022.	Final Report Issued Substantial Assurance
19.	Strathcarron Hospice	An Annual Plan for 2022/23 was presented and agreed by the Hospice's Audit Committee on 6 April 2022.	<ul style="list-style-type: none"> • 1st review - Final Report Issued • 2nd review – Final Report Issued <p>Both audits were reported to the Hospice Audit Committee on 5 April 2023.</p>
20.	Internal Audit	Reciprocal Audit Review with West Lothian Council	Draft Report Received

DETAILS OF 2022/23 INTERNAL AUDIT PROGRAMME

Concluded from 2021/22 Internal Audit Plan:		
Assignment	Service	Assurance
Savings and Transformation Tracking	All Services	Limited
Scope	Final Report Executive Summary	
<p>In response to financial challenges, Falkirk Council embarked on an ambitious change programme entitled Council of the Future (COTF). The programme aims to transform how services are delivered to the local community, to ensure that needs are met and in an affordable way.</p> <p>On 14 May 2019 the Executive approved a five-year Business Plan setting out the projects to be completed under the COTF change programme and the year-on-year savings to be delivered by these projects. This plan has since been subject to re-calibration by the Council in September 2020 and again in March 2022⁴ as a result of the uncertainty caused by Covid-19.</p> <p>Due to the importance of the COTF projects in helping the Council to achieve a balanced budget, an annual Change Fund has been created since 2018/19 to support any investment needed to timeously deliver the projects.</p> <p>Between April 2019 and March 2022, reported</p>	<p>Based on our review of a sample of five COTF projects, we can provide the following assurance levels for each of the remit items:</p> <p>Arrangements for assessing the savings which could be made by a project – LIMITED ASSURANCE. Arrangements for planning on how to deliver a project – SUBSTANTIAL ASSURANCE. The accuracy of actual reported project savings – LIMITED ASSURANCE. Arrangements for applying for, assessing, approving, and monitoring awards from the COTF Change Fund – LIMITED ASSURANCE. The impact of Change Fund awards on project completion timescales – LIMITED ASSURANCE.</p> <p>Delivery of the sampled COTF projects represented a significant challenge to the Council due to their complexity and the prolonged Covid-19 outbreak. Nevertheless, it was apparent that much positive work has been undertaken to transform how services are delivered to the local community. We did, however, note a number of issues with the framework of control in place for the sampled projects and, more widely, arrangements for the administration and management of the COTF Change Fund. Weaknesses were identified in relation to the process followed to set savings targets for the projects. Generic targets were occasionally assigned to projects by Management, with no evidence retained on other occasions to confirm how the potential savings had been calculated. In addition, the reasonableness of the targets was not always subject to review by the project's Finance Business Partner prior to their inclusion in the Council's Business Plan.</p> <p>Our review of the validity of the reported savings highlighted several areas where the controls were inadequate. In particular, there was a lack of evidence to support 52% (£4.842m) of the reported savings and no requirement for the project's Finance Business Partner to approve (and therefore confirm the accuracy of) the achieved savings totals prior to</p>	

⁴ Note: An interim Business Plan was developed pending the election of a new Council in May 2022.

<p>savings of c£14.4m have been generated by COTF projects.</p> <p>The purpose of this review was to:</p> <ul style="list-style-type: none"> • ensure that evidenced based processes were established to identify the costs that could be saved by a sample of five COTF projects. • assess the progress made in delivering those projects (including the accuracy of reported savings); and • evaluate the impact of Change Fund awards on the completion timescales for the sampled projects. <p>The review covered the period 2019/20 to 2021/22.</p>	<p>their inclusion in committee reports.</p> <p>The audit trail for the assessment and approval of applications for investment from the Change Fund requires to be improved. There was a lack of documentation in the majority of cases (85%) to confirm that the reasonableness of the application had been assessed by the project's Business Partners (Programme Management Office and Finance), and a lack of evidence for the most part (69%) to confirm that awards had been approved by the Change Fund Panel or COTF Board.</p> <p>Robust performance monitoring arrangements are not in place for the Change Fund. Successful applicants are not required to evaluate and report on the impact the spend has had on project completion and savings delivery timescales, with no evidence found in more than half of our sampled cases (54%) to confirm that an adequate return on investment had been achieved.</p> <p>At the time of our review, several of the issues highlighted in this report had been recognised by Management, with steps either planned or in progress to address them. For example, the streamlining of the Change Fund approval process through the disbandment of the Change Fund Panel and the requirement for all applications to be considered and approved by the COTF Board. We have reported, however, on the arrangements in place at the time of our review.</p>
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Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
Continuous Auditing	All Services	Ongoing Assurance
Scope	Final Report Executive Summary	
<p>This involves analysing Creditors payment data (payments to suppliers) to identify potential duplicate payments.</p> <p>We use audit interrogation software to identify matches on invoice date, amount, and number. We then check our initial results on Integra to identify any cancelled payments; payments made to different suppliers; and duplicate payments already identified (and either cancelled or monies recovered).</p>	<p>For the period April 2022 to March 2023, we identified 15 potential duplicate payments, with a value of c£59k. Details of all potential duplicate payments have been passed to the Business Support Lead (Financial Transactions) for appropriate recovery actions. A total of 9 duplicates have been recovered (all except those from the most recent quarter) with a value of c£41k.</p> <p>A wider exercise is also underway within Business Support to take recovery action on older outstanding duplicate payments. This included potential duplicates (each with a value above £1,000) from April 2017 to March 2021. The position as at 31 May 2023 is that work is ongoing regarding the recovery of 9 potential duplicates, with a total value of £21k.</p>	

	In addition, all 11 duplicate payments from April 2021 to March 2022 (with a value of £143k) have now been recovered.	
Assignment	Service	Assurance
National Fraud Initiative	All Services	Ongoing Assurance
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, Pensions, Housing / 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>Reviewing the matches identified by the 2022/23 NFI national exercise is now underway. There are currently 733 matches processed and cleared, and 43 under investigation. A reminder will be issued to follow up on the progress.</p> <p>In addition to the core NFI exercise, Falkirk Council participates in a related exercise designed to detect wrongly claimed Council Tax Single Person Discount (SPD).</p> <p>As a result of participation in this exercise (which matches Council Tax and Electoral Roll data), 4,475 matches have been identified. So far, 324 matches have been processed and closed with no errors identified. 37 matches are currently under investigation and 27 matches with SPD overpayment errors have been closed amounting to c£17k. Recovery action has been taken, or is underway, via adjustments to future Council Tax bills.</p>	

Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
LEADER Grant Audit	Place Services	Substantial
Scope	Final Report Executive Summary	
<p>Agreed with Growth and Investment Manager. LEADER is a national programme using European funds to deliver community-led local rural development projects. LEADER is delivered through partnerships between the Scottish Government and community-led Local Action Groups (LAGs) who operate as a Board, defining a Local Development Strategy and distributing funds against that Strategy.</p> <p>The Kelvin Valley and Falkirk (KVF) 2014 – 2020 LEADER Programme¹ was launched in August 2015 to support local rural communities in the East Dunbartonshire, Falkirk, and North Lanarkshire local authority areas. Approximately £3.1m has been allocated to the Programme by the Scottish Government.</p> <p>Falkirk Council is the Accountable Body (AB) for the KVF 2014 – 2020 LEADER Programme. The AB is accountable to the Scottish Government for the delivery and cash flow of the LEADER Programme, with a Service Level Agreement (SLA) in place to govern the roles, responsibilities, and accountabilities of both organisations. The SLA between the Scottish Government and Falkirk Council (as AB) requires an annual Internal Audit of the functions and services undertaken by the AB, including a review of compliance with SLA</p>	<p>At the close of the previous reporting period (15 October 2021), overall funding of £3,093,130.70 had been awarded to the KVF 2014 – 2020 LEADER Programme by the Scottish Government, confirmed on Local Actions in Rural Communities system (LARCs). The KVF LAG had used these funds to approve awards to 41 projects with a total value of £2,516,0733, and allocated the remainder to cover staffing and administration costs associated with the Programme. Over the course of the current reporting period (16 October to 31 December 2021), no additional project applications were approved or allocated LEADER funding. The overall funding amount awarded by the Scottish Government to the KVF 2014 – 2020 LEADER Programme in LARCs is, therefore, still £3,093,130.70 (as at 31 August 2022).</p> <p>The AB is responsible for paying grant claims to project applicants. Applicants are required to raise a claim on LARCs. We reviewed a sample of four recent project grant claims / payments. For each of these we ensured that the claim / payment:</p> <ul style="list-style-type: none"> • could be reconciled to the supporting documentation on LARCs; • had been adequately checked and approved by the AB; and • was accurately paid through the AB's Finance System. <p>In general, we were content with the arrangements for paying grant claims to project applicants. We did, however, identify some minor issues regarding these claims; including missing documentation and different amounts claimed to documents. The Operations Team has been provided with details of these findings, and we are satisfied that they have now been addressed with supporting documents added to the LARCs system.</p> <p>The AB also submits LEADER grant claims to the Scottish Government via LARCs for the reimbursement of Operations Team costs and grant payments made to project applicants. From reviewing a sample of two claims submitted on LARCs during this final reporting period, we were content that the grant claims: were for valid LEADER costs; could be reconciled to the supporting documentation; and had been appropriately checked and authorised. We noted, however, that expenditure incurred by the AB had</p>	

<p>requirements. Our work focussed on ensuring that the high-level governance approach of the KVF LEADER Business Plan is in place. In general, the appropriate arrangements are in place.</p>	<p>not always been fully reimbursed by the Scottish Government. Expenditure relating to final grant claims for some projects was retained by the Scottish Government until they have agreed all criteria have been completed.</p> <p>On 8 November 2022, the AB's Finance Section provided Internal Audit with a summary of the ledger position for the LEADER programme. This covers the 2021/22 and 2022/23 (to date) financial years. It is noted on the summary that a Drawdown Request for £224,391.64 has been submitted to the Scottish Government but has still to be paid. To ensure that these funds are received, the AB's Finance Section should follow up on this outstanding amount with the Scottish Government. The summary also notes that a balance from 2021/22 of £180,254.87 represents "historic sums that are unclaimable". This has resulted in a significant cost to the AB and the reasons why they are "unclaimable" should be ascertained. If applicable, the Programme Manager and AB's Finance Section should then explore the possibility of recovering this expenditure from the Scottish Government.</p> <p>If Falkirk Council is to be the AB for a future programme, steps should be taken to avoid any "unclaimable" expenditure and to ensure that all project costs incurred by the AB are reimbursed by the Scottish or UK Government.</p>
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Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
Climate Change Act Public Body Duties Audit	Place Services	Substantial
Scope	Final Report Executive Summary	
<p>The Climate Change (Scotland) Act 2009 (the Act) introduced the requirement for public bodies to report on their climate change duties.</p> <p>The Council has now submitted its 2021/22 report to the Scottish Government, ahead of the deadline of 30 November 2022. This is in line with the timescales from the Act.</p> <p>In August 2019, the Council declared a Climate</p>	<p>Our work focused on reviewing the reporting arrangements and the accuracy of the information included in the Annual Report. We were content that the report accurately reflects the information provided.</p> <p>To ensure the consistency of returns to Scottish Government across public bodies, the annual report format is a standard template split into six required areas:</p> <ul style="list-style-type: none"> • Profile of Reporting Body. • Governance, Management, and Strategy; • Emissions, Targets, and Projects; • Adaptation; • Procurement; and • Validation and Declaration. 	

<p>Emergency and agreed to push towards increasing efforts to reduce its carbon emissions to net zero by 2030.</p> <p>Our work focused on reviewing the reporting arrangements and the accuracy of the information included in the annual report to Scottish Government.</p>	<p>We were content that the figures recorded, and the data reflected in the report was consistent, and could be matched to supporting documentation. We were also satisfied with the arrangements for the internal validation of the 2021/22 report (with this review contributing to the process).</p> <p>We understand that the Corporate Sustainability Working Group will receive a copy of the 2021/22 report for comment prior to its submission to the Scottish Government by 30 November 2022. The Director of Place Services will complete the declaration section when the report is submitted to the Scottish Government. We also understand that elected Members will be informed of the submission via an Information Bulletin report from CMT by February 2023.</p>	
Assignment	Service	Assurance
<p>Scottish Housing Regulator: Annual Assurance Statement Audit</p>	<p>Transformation, Communities, and Corporate Services</p>	<p>Substantial</p>
Scope	Final Report Executive Summary	
<p>The Head of Housing and Communities is required to submit an Annual Assurance Statement to the Scottish Housing Regulator.</p> <p>The statement should provide assurance that the Council's Housing and Communities division is compliant with all the relevant requirements of Chapter 3 of the Regulation of Social Housing in Scotland.</p> <p>The statement is required to be submitted by the end of October each year and prior to that requires to be approved by the Council's Executive.</p>	<p>Internal Audit has:</p> <ul style="list-style-type: none"> • reviewed the completeness and accuracy of the 16 draft statements, prepared by the Housing and Communities division, for each of the SSHC standards and outcomes that will support the Council's Annual Assurance submission to the Scottish Housing Regulator; • ensured that the performance information reported in the draft standard and outcome statements is underpinned by adequate and robust supporting documentation by checking that the statements included valid links to this documentation; and • checked the accuracy of all numerical information and percentages being reported in the draft standard and outcome statements by ensuring that these figures matched supporting data. <p>We found that performance and numerical information reported was accurate and agreed to supporting documentation. We are content, therefore, with the standard and outcome statements that will be submitted to the Executive and then to the Scottish Housing Regulator in October 2022.</p>	

Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
Fleet Management and Monitoring Arrangements: Follow-up of 2021/22 Recommendations Stage One	Place Services	Not Appropriate⁵
Scope	Final Report Executive Summary	
<p>Between October 2021 and April 2022, Internal Audit carried out a review of Fleet Management and Monitoring Arrangements. The review highlighted a number of weaknesses within the control framework, and we made seventeen recommendations to address those weaknesses. Target implementation dates were agreed with management for each of these recommendations, ranging from May to December 2022.</p> <p>The Director of Place Services requested that Internal Audit carry out a follow-up review to assess the extent to which:</p> <ul style="list-style-type: none"> • recommendations with a target implementation date of July 2022 or earlier have been implemented; and • recommendations which had a later target implementation date but have subsequently been closed as implemented (on the Pentana system) by the accountable Officer, have also been implemented. 	<p>We found that work had progressed in a number of areas, with three recommendations fully implemented. We did note, however, that eight recommendations had not yet been implemented in full. Management have agreed further action dates to address those recommendations which were found not to have been fully implemented.</p> <p>Internal Audit will continue to monitor the progress in implementing the aforementioned recommendations, and those additional recommendations with a target date in excess of July 2022, as part of Stage Two of this work in the 2023/24 audit programme.</p> <p>Details of all recommendations which have not been fully implemented will be included in future Internal Audit progress reports to the Audit Committee.</p>	

⁵ There was no overall assurance level assigned to this piece of work since it was a follow-up review checking progress with the implementation of previous Internal Audit recommendations.

Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
Building Security	All Services	Substantial
Scope	Final Report Executive Summary	
<p>The purpose of this review was to evaluate and report on the adequacy of the controls in place to ensure that Falkirk Council's operational buildings, and the contents therein, are secure.</p> <p>As at November 2022, Falkirk Council had a total of 229 operational buildings (taken from The Health, Safety, and Wellbeing Team's List of Operational Buildings).</p>	<p>We undertook unannounced visits to a sample of twelve operational buildings and reviewed the physical security measures in place at each building to prevent unauthorised access. Particular emphasis was placed on buildings in which vulnerable people (e.g., pupils and elderly residents) and Council vehicles are located.</p> <p>Robust security measures were found to be in place to prevent and deter unauthorised access to the majority of the sampled buildings. These included, for example, a combination of two or more of the following controls:</p> <ul style="list-style-type: none"> • perimeter fencing around the building and its grounds; • remote locking entry doors to the main reception area; • locked and secure external doors (e.g., fire exits); • CCTV cameras; and • intruder alarms. <p>We did, however, find several security weaknesses that require to be addressed at Dalgrain Depot, Grangemouth, as follows:</p> <ul style="list-style-type: none"> • unauthorised access was gained to four vehicles (three buses and one tipper van) during our walk around the depot grounds, albeit no keys were found to have been left in the unlocked and unattended vehicles; and • unauthorised entry was gained to the workshop canteen and locker room area of the main depot building via a fire door which had been left ajar. We do acknowledge, however, that clear signage was in place advising staff that valuables are retained in the locker room at the owner's risk. <p>In addition, although no unauthorised access was gained to the majority (92%) of the operational buildings visited, we were not challenged by staff at several sites despite being observed trying to open building and vehicle doors at random.</p> <p>We made 3 recommendations, and the action plan has been agreed with management.</p>	

Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
Refugee Schemes Governance	Transformation, Communities, and Corporate Services / All Services	Substantial
Scope	Final Report Executive Summary	
<p>Falkirk Council is an active participant in refugee resettlement schemes. The Council helps those who have arrived from, for example, Afghanistan, Syria, or Ukraine. The focus of this review has been on the Ukrainian schemes. This is due to them being the most recent schemes, having the greater volume of refugees, and having the greater expenditure involved (when compared to the Afghan or Syrian schemes). Individuals and families from Ukraine can enter Scotland under three schemes:</p> <ul style="list-style-type: none"> the 'Ukraine Family Scheme' allows applicants to join family members (or extend their stay in the UK). the 'Homes for Ukraine' scheme enable sponsors in the UK to nominate a named Ukrainian individual or family to stay with them in their home or in a separate property; or the Scottish Government's 'Super Sponsor Scheme'. Due to the volume of applications, the Super Sponsor Scheme was suspended on 13 July 2022 (and has not resumed, although guests have continued to arrive from previously submitted applications). <p>The Scottish Government</p>	<p>Within Falkirk Council, the Resettlement Team has taken the lead on supporting refugees who have arrived, and continue to arrive, under the Homes for Ukraine schemes (with assistance being provided as necessary by other Council Services). We were content that:</p> <ul style="list-style-type: none"> the team maintain records that show when each displaced person arrived in the United Kingdom, and in Falkirk; there is reporting to elected Members and the Corporate Management Team on the Council's response to displaced people arriving from Ukraine; guidance on the different refugee schemes has been developed by the Scottish and UK Governments; information for host sponsors and displaced people is available on the Council's website; a checklist and workflow diagram that outline the steps to follow by the team when assisting refugees or sponsors have been prepared; and weekly returns containing data on refugees from Ukraine are submitted to the Scottish Government; there are arrangements to distribute (using Paypoint vouchers) initial payments to displaced people from Ukraine of £200 per person to cover subsistence costs; and arrangements are in place to recover any overpayments from sponsors of the monthly £350 'thank you' payments (these overpayments can arise from the late notification of a guest moving out). <p>We did, however, identify areas where there is scope for further improvement of the existing framework of control. We have, therefore, made the following recommendations:</p> <ul style="list-style-type: none"> the systems to record refugee scheme information should be fit for purpose, with a planned new robust database being developed and implemented promptly; quarterly reconciliations are conducted between any 	

has established Welcome Hubs in various Council areas (including Falkirk since 18 July 2022) to provide temporary accommodation for displaced Ukrainian people until more secure accommodation is found. Those arriving at Welcome Hubs have entered the United Kingdom under the Scottish Government's 'Super Sponsor Scheme'. If the guests are willing, they can be matched to a local sponsor who has registered an interest. Displaced people arriving under the 'Homes for Ukraine' scheme have matched themselves to a sponsor and travel directly to their sponsor.

This high-level review of Ukrainian refugee schemes has considered:

- roles and responsibilities;
- the applicable policies and procedures; and
- what financial information is available.

income received and expenditure incurred in relation to refugee schemes;

- the necessary action is taken to enable budget monitoring on refugee scheme cost centres; and
- the development of reports to the Scottish Government (including financial management information) is completed as quickly as possible.

Concluded from 2022/23 Internal Audit Plan:		
Assignment	Service	Assurance
Falkirk Pension Fund: <ul style="list-style-type: none"> • Transactional Testing and • Follow Up Review of 2021/22 Recommendations on Cyber Security Assurances 	Transformation, Communities, and Corporate Services / All Services	Substantial
Scope	Final Report Executive Summary	
<p>Administration of the Fund is undertaken by the Council's Pensions Section, which utilises Altair Pensions Administration System (Altair). There are also ongoing agreements with the Lothian Pension Fund to enable investment and legal expertise to be accessed as and when required.</p> <p>Transactional Testing</p> <p>To assess the extent to which:</p> <ul style="list-style-type: none"> • new member contributions to the Pension Fund had been properly calculated by Fund employers; • transferred in rights had secured appropriate benefits for members; • transfers out and refunds had been properly calculated; • correct payments had been made to retiring, and in respect of deceased, Fund members; and • controls around i-Connect (electronic transfer of data from employers creating starters and leavers) were operating effectively. <p>Follow Up Review of Cyber Security Assurances</p>	<p>Transactional Testing</p> <p>In relation to transactional testing, we found the operational controls associated with the calculation of new member contributions; for paying or receiving transfer values; for refunding contributions; for calculating deferred pensions; and for making payments to retiring members or in respect of deceased Fund members were working effectively.</p> <p>Cyber Security: Internal and External Assurances</p> <p>In relation to our follow up review on cyber security, we are content that our recommendations from 2021/22 have been implemented.</p>	

We performed:

- a follow up review of the recommendations made within the 2021/22 Internal Audit review of internal and external assurances provided to the Pension Fund Manager on the Fund's cyber security arrangements; and
- a review of the completeness of these recommendations and that the assurances are consistent with the mitigating controls from the Fund's Risk Register.