

Agenda Item 7

Internal Audit Annual Assurance Report 2019/20

CENTRAL SCOTLAND VALUATION JOINT BOARD

Subject: Internal Audit Annual Assurance Report 2019/20
Meeting: Central Scotland Valuation Joint Board
Date: 25 September 2020
Author: Internal Audit Manager

1. Introduction

- 1.1 This paper reports on Internal Audit work undertaken during 2019/20, and provides an assurance on arrangements for risk management, governance, and control based on that work.

2. Overall Opinion

- 2.1 Internal Audit use a set of assurance categories as the basis for providing an opinion on the adequacy of arrangements for risk management, governance, and control. A summary of these is at Appendix 1.
- 2.2 Based on work undertaken, Internal Audit is able to provide Substantial Assurance on the adequacy of the Board's arrangements for risk management, governance, and control for the year to 31 March 2020.
- 2.3 In providing that opinion, Internal Audit has taken account of the findings arising from reviews of:
- Data Protection Arrangements;
 - Payroll; and
 - Input to the Annual Governance Statement of Assurance Questionnaire process.

3. Operational Activity Considered in Providing Overall Assurance

- 3.1 The Annual Internal Audit Plan is based on discussion with the Assessor and review of relevant documentation. As outlined at paragraph 2.3, we undertook three pieces of Internal Audit work during 2019/20.
- 3.2 Our work on Data Protection Arrangements focussed on:
- roles and responsibilities of those accountable and responsible for ensuring compliance with data protection legislation;

- key actions for ensuring compliance with data protection legislation, including: the adequacy of: policies, procedures, and guidance; processes for identifying, documenting, and safeguarding data held and data flows; arrangements for obtaining consent to process and share data; and controls for the retention and disposal of data; and
 - mechanisms for recording, investigating, and reporting data breaches.
- 3.3 We were able to provide Substantial Assurance. All staff were clear about their roles and responsibilities, and a Data Protection Policy is in place, with training to support this. Privacy notices have been established to provide transparency to data subjects over how and why their personal data is being used, and a Records Retention Schedule (RRS) sets out how CSVJB ensure that data is not kept for any longer than is necessary.
- 3.4 A Data Protection Officer (DPO) has been appointed, and Data Protection Impact Assessments are completed prior to the commencement of any new projects. In addition, a range of organisational, physical, and technical (IT) security measures have been established to safeguard personal data.
- 3.5 There was some scope for improving evidence held to demonstrate that each business area was carrying out regular reviews of data held, and data security related policies, and records of processing activities, are not always reviewed on an annual basis. Data sharing arrangements could also be improved, via formal data sharing agreements.
- 3.6 Our Payroll related work covered the processing and authorisation of payroll related change forms (new starts, leavers, overtime, travel), and we were able to provide Substantial Assurance.
- 3.7 Written guidance, including delegated authorities for the authorisation of payroll changes, is in place, and our sample testing confirmed that this is generally being adhered to.
- 3.8 Clackmannanshire Council's Human Resources and Payroll section process changes on receipt of authorised documentation from CSVJB, and a high level review of the accuracy of changes processed forms part of quarterly budget monitoring meetings between CSVJB Management and the Council's Finance Team. This could be improved by the provision of monthly verification reports, to allow checks on the accuracy of payments made to staff in the preceding month.
- 3.9 As with previous years, we worked with the Assessor to consider and complete the Annual Governance Statement of Assurance checklist. The purpose of this work was to undertake a high level assessment of

the Board's arrangements in areas such as: leadership, stakeholder relationships, risk management, internal control, planning and performance, and information management.

- 3.10 Completion of the checklist is an iterative, annual, process, and provides assurance that key governance arrangements and documents are in place, up to date, and subject to ongoing review.
- 3.11 As well as these three, specific, assignments, we also placed reliance on the outcome of work undertaken as part of the 2019/20 Clackmannanshire Council Internal Audit Plan in areas relevant to CSVJB. This included Continuous Auditing of Creditors Payments (to identify any duplicate payments), the Creditors Purchase to Pay Cycle (Substantial Assurance), and High Privilege User Access to Key Corporate Systems (Substantial Assurance).

4. Internal Audit Compliance with Public Sector Internal Audit Standards

- 4.1 Internal Audit seeks to undertake all work in conformance with the Public Sector Internal Audit Standards 2017 (the Standards). The 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 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.
- 4.3 Internal Audit is provided by Falkirk Council's Internal Audit team, via a Joint Working Agreement with Clackmannanshire Council.
- 4.4 Falkirk Council's Internal Audit Manager undertook a detailed self assessment against the Standards during February 2020. 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. RECOMMENDATIONS

5.1 The Board is asked to:

5.1.1 note that Internal Audit is able to provide Substantial Assurance in respect of the Board's arrangements for risk management, governance, and control for the year to 31 March 2020.

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Internal Audit Manager

Date: 17 September 2020

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Appendices:

Appendix 1 –Internal Audit Assurance Categories

List of Background Papers:

No papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973.

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. |