

The background of the slide features a large, light blue watermark of the University of Alberta crest. The crest is a shield divided into four quadrants. The top-left quadrant shows a cross with a vertical bar. The top-right quadrant shows a cross with a horizontal bar. The bottom-left quadrant shows a sailing ship on wavy lines. The bottom-right quadrant shows a beaver. Above the shield is a crown with four maple leaves. Below the shield is a banner with the motto "ANNE FOR A".

Agenda Item

6

Internal Audit Annual Assurance Report – 2016/17

Falkirk Council

Title: Internal Audit Annual Assurance Report 2016/17

Meeting: Audit Committee

Date: 21 August 2017

Submitted By: Internal Audit 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 2016/17.

2. Recommendations

2.1 It is recommended that Audit Committee notes:

2.1.1 that sufficient Internal Audit work was undertaken to support a balanced assurance;

2.1.2 that Internal Audit can provide SUBSTANTIAL assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2017;

2.1.3 that Internal Audit met, or exceeded, each of its five Key Performance Indicators; and

2.1.4 that self assessment against Public Sector Internal Audit Standards confirmed no material non-conformance with those Standards.

3. 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. OVERALL ADEQUACY OF THE COUNCIL'S CONTROL ENVIRONMENT

- 4.1 Twenty main assignments were completed by Internal Audit during 2016/17. 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 2017.

5. SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN DURING 2016/17

- 5.1 Internal Audit's Annual Plan for 2016/17 was agreed by Audit Committee on 18 April 2016. It proposed 21 main assignments. Over the course of the year various changes were made to the programme of work, resulting in a total of 20 completed assignments.
- 5.2 Details of these are set out at Appendix 2, with a summary of the scope of, and findings arising from, each set out at Appendix 3.
- 5.3 Each year we make provision in our Annual Plan for ad hoc, consultancy work. This allows Internal Audit to work with management to discuss, develop, and improve the Council's control environment outwith the context of the programme of main audit assignments. While this does not result in formal Internal Audit reports, it is an important strand of work considered in reaching the conclusion set out at paragraph 4.3.
- 5.4 Some examples of consultancy work undertaken during 2016/17 include:
- attendance at, and contribution to, various corporate and Service working groups;

- input into the development of new processes and systems, for example on off-payroll working, gifts and hospitality, monthly payroll report verification;
- visited various cash handling sites to provide advice on local processes and procedures;
- contributed to corporate initiatives, such as Council of the Future and the development of divisional workforce plans; and
- attended, and contributed to, meetings of the Scottish Local Authorities Chief Internal Auditors' Group and its Computer Audit Sub-Group.

5.5 Internal Audit measures performance against the following five Key Performance Indicators.

Key Performance Indicator	2016/17 Performance	2015/16 Performance	2014/15 Performance
1. Complete 85% of agreed audits.	95%	100%	100%
2. Have 90% of recommendations accepted.	100%	100%	100%
3. Spend 75% of time on direct audit work.	75%	75%	77%
4. Issue 75% of draft reports within 3 weeks of completion of fieldwork.	100%	95%	95%
5. Complete (to issue of final report) 75% of main audits within budget.	75%	84%	95%

5.6 For 2016/17 actual performance met or exceeded target. While all draft reports were issued within 3 weeks of completion of fieldwork, there was a drop in the percentage of assignments completed within budget. This was predominantly due to budgets for some assignments that did not properly reflect the complexity or volume of work required.

6. COMPLIANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS

6.1 The Internal Audit team aims to undertake all work in conformance with the Public Sector Internal Audit Standards. The Standards, which are mandatory and have applied since April 2013 (updated in March 2017), have 4 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.
- 6.2 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.
- 6.3 Our most recent self assessment, carried out in March 2017, confirmed that we operate broadly in line with the Standards. An independent External Quality Assessment is due to be undertaken by South Ayrshire Council's Audit Services Manager during 2017/18, and the outcomes of that review will be reported to Audit Committee in due course.

7. Implications

Financial

- 7.1 There are no financial implications.

Resources

- 7.2 There are no resource implications.

Legal

- 7.3 There are no legal implications.

Risk

- 7.4 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

- 7.5 An equality and poverty impact assessment was not required.

Sustainability / Environmental Impact

- 7.6 A sustainability / environmental assessment was not required.

8. Conclusions

- 8.1 Internal Audit undertook sufficient work during 2016/17 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.
- 8.2 In providing that opinion, Internal Audit operated in compliance with the Public Sector Internal Audit Standards.

Internal Audit Manager

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k Date: 02 August 2017

APPENDICES

- Appendix 1 – Definition of Internal Audit Assurance Categories.
- Appendix 2 – Summary of 2016/17 Internal Audit Programme.
- Appendix 3 – Details of 2016/17 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 is, however, some scope for improvement as current arrangements could 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 2016/17 INTERNAL AUDIT PROGRAMME

Planned Assignments (as per 2016/17 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
1.	All Services	Corporate Purchasing and Contract Monitoring	Substantial Assurance
2.	Corporate and Housing / All Services	Payroll – Temporary and Permanent Adjustments	Substantial Assurance
3.	Corporate and Housing	ICT Service Desk and Support	Substantial Assurance
4.	Development	Refuse Collection	Substantial Assurance
5.	Development / Corporate and Housing	Financial Vetting, Insurance, and Performance Bonds	Substantial Assurance
6.	Corporate and Housing	Risk Management (undertaken by West Lothian Council Internal Audit as part of reciprocal arrangement)	Substantial Assurance
7.	Falkirk Pension Fund	Falkirk Pension Fund (Transactional Testing and Pension Investments)	Substantial Assurance
8.	Corporate and Housing / All Services	Redundancy and Severance Arrangements	Substantial / Limited Assurance
9.	Corporate and Housing	Integrated Housing Management System – Security and Management	Limited Assurance
10.	All Services	Building Security (Council Buildings)	No Assurance
11.	All Services	Serious Organised Crime / CONTEST / PREVENT	N/A - Ongoing Participation
12.	All Services	National Fraud Initiative	N/A - Ongoing Participation
13.	All Services	Continuous Auditing	N/A - Ongoing Reporting
14.	Falkirk Integration Joint Board	Falkirk Integration Joint Board	To be reported to Falkirk IJB Audit Committee
15.	Falkirk Community Trust	Falkirk Community Trust	Substantial Assurance - As reported to Falkirk Community Trust Audit and Performance Sub-Group

Additional Assignments			
	Service	Assignment	Level of Assurance
1.	Development	CRC Energy Efficiency Scheme Audit	Substantial Assurance
2.	Adult Social Work	Social Work Intermediary Accounts	Substantial Assurance
3.	Development	Public Sector Climate Change Duties	Substantial Assurance
4.	Corporate and Housing	Contact Centre – Data and Information Security	Limited Assurance
5.	Development	LEADER Funding	N/A – report prepared to support annual submission to Scottish Government

Assignments Deferred		
	Service	Assignment
1.	All Services	Code of Corporate Governance *
2.	All Services	Compliance with Financial Regulations
3.	All Services	Welfare Reform *
4.	Corporate and Housing	Housing Rents
5.	Corporate and Housing / Children's / Adult Social Work	Procurement of Services from External Providers of Social Work Services *
6.	Internal Audit	External Quality Assessment (EQA) – Participation in EQA Programme *

* - included in 2017/18 Internal Audit Plan.

DETAILS OF 2016/17 INTERNAL AUDIT PROGRAMME

No.	Assignment Area and Service	Assurance and Key Findings
1.	<p>Corporate Purchasing and Contract Monitoring</p> <p>All Services</p>	<p>Substantial Assurance</p> <p>The Council's Financial Regulations and Contract Standing Orders provide a framework for the procurement of goods and services, with the aim of demonstrating fairness, consistency, transparency, and best value.</p> <p>On a weekly basis, Internal Audit receive a report setting out suppliers who have been paid in excess of £10k in the preceding week. We review a sample of payments to assess whether appropriate tendering / market testing was undertaken, as well as arrangements for subsequently ensuring compliance with (and monitoring of) contract terms and conditions.</p> <p>Over the course of the year we found that, in general, goods and services are procured from contracted suppliers, with market testing undertaken prior to incurring expenditure from 'other' suppliers.</p> <p>We also found that the terms and conditions agreed with suppliers during market testing were, in the main, being applied, with appropriate action being taken to re-tender (or, where appropriate extend) contracts nearing their expiry.</p> <p>To further enhance the framework of control, and ability to monitor expenditure on a self service basis at contract and supplier level, consideration is to be given to building on existing finance system functionality.</p>
2.	<p>Payroll – Temporary and Permanent Adjustments</p> <p>Corporate and Housing / All Services</p>	<p>Substantial Assurance</p> <p>Work focussed on policies, procedures, roles and responsibilities; controls over the authorisation and processing of Payroll changes, including new appointments, leavers, and salary changes; and service standards and performance monitoring.</p> <p>We found that the operational controls associated with the processing of Payroll changes were working effectively, and that all staff consulted during the review were clear about their roles and responsibilities.</p> <p>We made a small number of recommendations aimed at further enhancing operational controls, the recovery of any overpayments, and the checking of monthly payroll reports.</p>

No.	Assignment Area and Service	Assurance and Key Findings
3.	ICT Service Desk and Support Corporate and Housing Services	<p>Substantial Assurance</p> <p>We reviewed arrangements for receiving, prioritising, and addressing customer requests relating to the resolution of hardware and software issues, and the acquisition and disposal of IT equipment. This included review of roles, responsibilities, policies, and procedures, and arrangements for monitoring performance and service standards.</p> <p>All staff were clear about their roles and responsibilities, and policies and procedures on Service Desk operations were in place.</p> <p>In general, we found that adequate arrangements had been established for receiving, recording, and resolving customer requests.</p> <p>There was, however, scope for improving the process for electronically reporting issues via development of a Fault Reporting Form, and for analysing call data to ensure that lines are appropriately staffed during known busy periods.</p> <p>There was also some scope for ensuring that all call records recoded on the HEAT system were complete and accurate, and for further developing customer satisfaction and performance monitoring arrangements.</p>
4.	Refuse Collection Corporate and Housing Services	<p>Substantial Assurance</p> <p>We reviewed the roles and responsibilities of those involved in the day to day domestic refuse collection, trade waste, and special uplift arrangements managed and operated by the Council; financial control arrangements; performance monitoring; and the accurate and timely production of management information.</p> <p>We found that all staff consulted were clear about their roles and responsibilities, and that management and supervision of refuse collection crews well controlled. Management information was comprehensive and up to date.</p>

No.	Assignment Area and Service	Assurance and Key Findings
5.	<p>Financial Vetting, Insurance, and Performance Bonds</p> <p>Development Services / Corporate and Housing Services</p>	<p>Substantial Assurance</p> <p>This review focussed on three areas:</p> <ul style="list-style-type: none"> • arrangements for ensuring that contractors are subject to the appropriate level of financial vetting prior to the award of contract, and on an ongoing basis thereafter; • roles and responsibilities in relation to ensuring that contractors have the required insurance cover in place, and that these are properly considered prior to the award of contract; and • arrangements for ensuring that performance bonds are requested and received for significant contracts. <p>We found that, in general, the operational controls associated with the financial evaluation of contractors, ensuring that they have adequate insurance, and have, where applicable, provided performance bonds, were working effectively. All staff were clear about their roles and responsibilities.</p> <p>Our analysis of insurance documentation did, however, highlight that contract start dates or new insurance details are not always submitted to Insurance Section by Development Services. We also found that suppliers' insurance documentation for contracts that are not managed by Development Services is not submitted to Insurance Section for review.</p> <p>In addition, we recommended that any reason for not requesting a performance bond from a contractor should be documented by Development Services.</p>

No.	Assignment Area and Service	Assurance and Key Findings
6.	<p>Risk Management</p> <p>Corporate and Housing Services</p>	<p>Substantial Assurance</p> <p>As part of a reciprocal arrangement, West Lothian Council's (WLC) Internal Audit team reviewed Falkirk Council's risk management framework. This work focussed on the extent to which the Risk Management Policy and Framework had been embedded across Council Services.</p> <p>In overall terms, WLC's auditor found that risk management was well embedded, particularly in relation to the identification, agreement, and review of corporate risks. They also commented positively on the role and impact of the Corporate Risk Management Group, the roll out of training (via workshops and on-line modules), the support provided by the Corporate Risk Management team, and inclusion of worst case consequences, controls and mitigating actions, and lessons learnt within the Corporate Risk Register.</p> <p>They did, however, identify scope for further improvement. Areas highlighted included the need to improve service risk management arrangements, to better develop the links between service planning and risk management, to complete the review of the role of Corporate Working Groups in relation to risk management, and to build on current use of the Covalent system to document and report on risks.</p> <p>Falkirk Council Internal Audit also undertook a review of West Lothian Council's risk management arrangements during 2016/17.</p>
7.	<p>Falkirk Pension Fund – Transactional Testing and Pensions Investments</p> <p>Corporate and Housing Services / Falkirk Pension Fund</p>	<p>Substantial Assurance</p> <p>Internal Audit transactional testing focussed on assessing whether:</p> <ul style="list-style-type: none"> • new member contributions to the Pension Fund were properly calculated; • the correct transfer values of pension rights either in to, or out of, the Pension Fund had been received or paid; and • the correct pension payments, including lump sum payments, were paid to retiring Fund members. <p>We found that the processes for the calculation of new member contributions, for paying and receiving transfer values, and for making pension payments, were working effectively. Supporting documentation had been appropriately authorised, calculations were correct, and the Pensions Administration system had been accurately updated.</p> <p>The purpose of work on Pensions Investments was to validate the steps followed by Pensions Section staff in their investment transactions stewardship role. This focussed on assessing the effective operation of the controls recommended by the Fund Custodian (Northern Trust).</p> <p>We found that these controls were in place, and were operating properly.</p>

No.	Assignment Area and Service	Assurance and Key Findings
8.	<p>Redundancy and Severance</p> <p>Corporate and Housing / All Services</p>	<p>Substantial / Limited Assurance</p> <p>Internal Audit reviewed policies, procedures, roles, and responsibilities within, and between, Services, Human Resources, Payroll, Pensions, and Accountancy Services; application, assessment, and approval arrangements; the accuracy and consistency of entitlement calculations; arrangements for the payment of entitlements; and the accurate and timely production of management information.</p> <p>We were able to provide Substantial Assurance in relation to the Severance Policy (including roles and responsibilities) and Limited Assurance in relation to the level of compliance with the Policy.</p> <p>All staff consulted were clear about their roles and responsibilities, with adequate segregation of duties in place between the assessment and approval of applications and the calculation and payment of compensation entitlements.</p> <p>While there was a Policy in place there was some scope for improving this by, eg including formal timescales for the completion of each stage of the process, and setting out more detail on how pension benefits have been affected by changes to the Scottish Local Government Pension Scheme.</p> <p>Our work on compliance with the Policy highlighted that limited checking is undertaken to confirm the accuracy of compensatory payments and pension strain costs. While the error amounts identified by our sample checking were not significant, inadequate checking could, potentially, lead to incorrect decisions on whether (or not) to approve a voluntary severance request.</p> <p>We also found instances where the audit trail was incomplete, and where there was delay in amending / deleting posts previously occupied by employees who have left via the severance process. Documentation to terminate an applicant's employment was not always provided to Payroll Section on a timely basis by Services, resulting in the delay of payment of compensatory entitlements.</p>

No.	Assignment Area and Service	Assurance and Key Findings
9.	<p>Integrated Housing Management System – Security and Management</p> <p>Corporate and Housing Services</p>	<p>Limited Assurance</p> <p>Work focussed on reviewing: the roles and responsibilities of those accountable for the management of IHMS data and information security; procedures, guidance, and training available to IHMS users; physical and environmental controls; access management arrangements; business continuity; and contract management and monitoring arrangements.</p> <p>IHMS comprises several modules, including housing allocations, homelessness, open contractor, planned maintenance, rents, repairs, and voids. Training is available for each module, supported by user guides. Servers are located in Municipal Buildings, with various environmental and access controls designed to keep these safe.</p> <p>We did, however, find there to be significant scope for improving security and management arrangements.</p> <p>For example, there was a need for a System Security Statement setting out and formalising security and management responsibilities, and for an Access Control Policy clarifying arrangements for managing users' access.</p> <p>At an operational level, there was a need to review system administrator account set up, and for improving the wider user set up process. Business continuity plans also needed to be developed and tested.</p>

No.	Assignment Area and Service	Assurance and Key Findings
10.	Building Security All Services	<p>No Assurance</p> <p>The purpose of this assignment was to evaluate and report on the controls in place to ensure that the Council's buildings and contents are secure. Findings were based on visits to a sample of operational buildings to review physical security measures, as well as arrangements for monitoring, recording, reporting, and investigating security incidents. The sample of buildings visited included schools, an operational depot, a care home, and a headquarters building.</p> <p>We found that, at the time of the audit, there was significant scope for improvement. In particular:</p> <ul style="list-style-type: none"> • unauthorised entry was gained to six operational buildings via, eg unlocked doors, open fire exits, and unattended receptions; • at a corporate level no Officer has overall responsibility for developing, disseminating, and enforcing building security standards; and • clear and comprehensive guidance was not available to Premises Managers setting out key security controls and the process for recording, investigating, and reporting security incidents / breaches. <p>Since issuing this report a significant body of work has been undertaken to address the issues identified.</p> <p>The Council's Corporate Risk Management Group has taken ownership of the report and has put in place an action plan for addressing corporate and building specific findings. Building Security will remain a standing agenda item for that group until the issues identified in this report are addressed.</p> <p>Revised and updated guidance on building security has been put in place and is available to staff on 'Inside Falkirk'. Related to that, a poster campaign has been rolled out to raise awareness, and the Premises Managers' Handbook is being reviewed and updated to provide better guidance on building security. All Premises Managers will be required to attend a training workshop on the key requirements of the (updated) Premises Managers' Handbook.</p> <p>In addition, a security expert has undertaken risk assessments in higher risk premises, including a Primary School, a Secondary School, and a care home. Once finalised, these will form the basis of templates to be used across other locations.</p> <p>All Services are taking forward actions specific to their buildings (in conjunction with Building Design – Facilities team), and all Premises Managers have been asked to undertake a check of security arrangements to ensure they are proportionate and working effectively.</p>

No.	Assignment Area and Service	Assurance and Key Findings
11.	<p>Serious Organised Crime / CONTEST / PREVENT</p> <p>Corporate and Housing Services</p>	<p>Not Applicable – Ongoing Workstream</p> <p>Internal Audit continue to feed into this workstream at a national and local level.</p> <p>The Internal Audit Manager acts as Single Point of Contact with Police Scotland in relation to the risks associated with Serious Organised Crime. This involves attending various working groups, supporting the Chief Finance Officer in his role as Anti Money Laundering Officer, and reviewing and distributing fraud alerts from organisations like the National Anti Fraud Network and the City of London Police National Fraud Intelligence Bureau.</p> <p>Internal Audit have also worked closely with the Director of Children's Services (as Single Point of contact for PREVENT) to establish a Council Integrity / CONTEST Steering Group.</p>
12.	<p>National Fraud Initiative</p> <p>All Services</p>	<p>Not Applicable – Ongoing Participation</p> <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 and Council Tax Benefit, and Creditors. Internal Audit are responsible for co-ordinating the process of ensuring that all relevant matches are followed-up.</p> <p>The 2016 NFI exercise is underway. Services are in the process of reviewing matches, focussing initially on those highlighted as 'recommended' matches by Audit Scotland. To date, no instances of fraud or error have been identified.</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. During 2016/17, as a result of participation in this exercise (which matches Council Tax and Electoral Roll data), frauds or errors totalling c£130k were detected, with recovery action taken or underway.</p>
13.	<p>Continuous Auditing</p> <p>All Services</p>	<p>Not Applicable – Ongoing Assurance</p> <p>Work focussed on Creditors duplicate payments. Over the course of the year duplicate payments with a total value of c£24,600 were identified. All amounts have been, or are being, recovered.</p>

No.	Assignment Area and Service	Assurance and Key Findings
14.	Falkirk Integration Joint Board	<p>Not Applicable – Reported to IJB Audit Committee</p> <p>NHS Forth Valley's Chief Internal Auditor fulfils that role for the Falkirk IJB. Auditors from the Council and Health Board Internal Audit teams jointly undertake planned Internal Audit work. Internal Audit Coverage for 2016/17 comprised reviews of:</p> <ul style="list-style-type: none"> • Governance and Assurance (self assessment checklist); • Strategic Planning; and • Clinical and Care Governance. <p>Falkirk Council's work focussed on arrangements established to ensure the delivery of three specific Strategic Plan Outcomes:</p> <ul style="list-style-type: none"> • Outcome 2 - Information Sharing; • Outcome 3 - Risk Management; • Outcome 4 - Participation and Engagement. <p>The findings arising from all IJB Internal Audit work will be reported to the Board's Audit Committee in due course, and will be included within a future Internal Audit progress report to this Committee.</p>
15.	Falkirk Community Trust	<p>Overall Annual Assurance - Substantial</p> <p>Internal Audit work comprised reviews of:</p> <ul style="list-style-type: none"> • Use of the Trust's Purchase Card; • Central Booking Team Processes and Arrangements; and • Cash and Income Handling at the Hippodrome and the Helix Visitor Centre. <p>In providing our overall assurance to the Trust's Audit and Performance Sub-Group we also placed reliance on work undertaken as part of our Falkirk Council Internal Audit Plan in relation to systems used and relied upon by the Trust.</p> <p>The outcomes of 2016/17 Internal Audit work were reported to the Trust's Audit and Performance Sub Group in May 2017.</p>

No.	Assignment Area and Service	Assurance and Key Findings
16.	Carbon Reduction Commitment Energy Efficiency Scheme Audit Development Services	<p>Substantial Assurance This work focussed on ensuring the Council:</p> <ul style="list-style-type: none"> • is discharging its statutory responsibilities and has effective controls in place to manage the implementation and operation of the Scheme; • is able to submit its CO2 emissions annual report within the permitted tolerance for accuracy and has appropriate processes to collect, collate, and maintain energy consumption data; • has appropriate financial activities, processes, and controls to purchase and surrender allowances in accordance with statutory requirements; and • has sufficient evidence to demonstrate regulatory compliance. <p>We found that roles and responsibilities were well understood and that procedural instructions had been recently updated. The annual report was submitted timeously, and we were content that reported data reconciled to Systems Link data and that the list of 'included' buildings was up to date.</p> <p>The Council had sufficient allowances to cover the quantity of CRC emissions reported, and an evidence pack was maintained containing all mandatory evidence.</p>
17.	Social Work Intermediary Accounts Adult Social Work Services	<p>Substantial Assurance The Council acts as 'appointee' for some Social Work clients who either live in the community or in long term care, and has authority to collect these clients' benefits on their behalf. It administers and manages these clients' funds in 'intermediary' bank accounts, operated from Area Offices. At the time of this review around £1.3m was being administered on behalf of clients.</p> <p>This review focussed on visits to three Area Offices to review operational controls.</p> <p>We were content that each of the sample of transactions reviewed had been authorised and accurately recorded (with appropriate supporting documentation). There was, however, scope for introducing a regular programme of management checks on the day to day operation of the accounts, and for ensuring that senior managers are provided with regular management information (on, eg balances and number of clients with accounts).</p> <p>There was also scope for establishing criteria to evidence the decision to apply for appointeeship.</p>

No.	Assignment Area and Service	Assurance and Key Findings
18.	Public Sector Climate Change Duties Development Services	<p>Substantial Assurance</p> <p>The Climate Change (Scotland) Act 2009 introduced the requirement for public bodies to report on their climate change duties. In line with the timescales from the Act, the Council's first annual report was submitted to the Sustainable Scotland Network (SSN) on 30 November 2016.</p> <p>Internal Audit reviewed arrangements for compiling each of the five sections of this report, and on the accuracy of information reported. The five sections are:</p> <ul style="list-style-type: none"> • Profile of Reporting Body; • Governance, Management, and Strategy; • Emissions, Targets, and Projects; • Adaptation; and • Procurement. <p>In overall terms, we found the process to be sound and the information reported to be accurate. We did, however, recommend that, for future years, an electronic evidence pack is retained to support the reported figures.</p>
19.	Contact Centre – Data and Information Security Corporate and Housing Services	<p>Limited Assurance</p> <p>We reviewed roles and responsibilities of staff responsible for receiving and allocating data / information from the Forth Valley Social Work Emergency Duty Team; procedures, guidance, and training available to Customer First Team staff in relation to the Information Security Policy; existing information sharing protocols; and email system access management arrangements for Customer First Team staff.</p> <p>We found areas where the framework of control could be improved. In particular, we found there to be a need to ensure that emails were being properly directed to secure mailbox accounts.</p> <p>There was scope to reduce the number of people with access to secure mailboxes, both within the Customer First Team and in Children's Services / Social Work Adult Services area offices.</p> <p>In addition, the procedures for handling information received from the Emergency Duty Team require to be agreed with all relevant Services, and the information sharing protocol needs to be updated to reflect the involvement of the Customer First Team.</p>

No.	Assignment Area and Service	Assurance and Key Findings
20.	LEADER Funding Development Services	<p>Not Applicable - report prepared to support annual submission to Scottish Government</p> <p>LEADER is a national programme using European funds to deliver community led local rural development projects. It is delivered via partnerships between the Scottish Government and Local Action Groups (LAG) responsible for developing a Local Development Strategy and for distributing funds against that Strategy.</p> <p>Falkirk Council acts as the 'Accountable Body' for the Kelvin Valley and Falkirk (KVF) 2014-2020 LEADER Programme. As Accountable Body (AB), Falkirk Council has overall responsibility for the delivery and cash flow of the KVF LEADER Programme – a service Level Agreement (SLA) between Falkirk Council and the Scottish Government defines this role.</p> <p>In June 2015 the Scottish Government confirmed an indicative allocation to KVF LEADER of c£2.8m (over the programme life).</p> <p>The SLA requires an annual Internal Audit of the functions and services undertaken by the Accountable Body, including review of compliance with SLA terms; clarity of LAG / AB governance and management processes; LEADER administration processes (including application and award); and the LEADER administration grant claim process.</p> <p>In overall terms we found arrangements to be sound, with the main requirements of the SLA being adhered to, and a revised and updated Business Plan being prepared for submission to the Scottish Government. The respective roles and responsibilities of the LAG and AB were clear and well understood.</p> <p>We did, however, make a number of recommendations relating to demonstrating full compliance with the SLA, updating the KVF Business Plan to reflect current processes, and enhancing some elements of the audit trail.</p>