

AGENDA ITEM

5

CENTRAL SCOTLAND VALUATION JOINT BOARD

Subject: Internal Audit Annual Assurance Report 2018/19
Meeting: Central Scotland Valuation Joint Board
Date: 28 June 2019
Author: Internal Audit Manager

1. Introduction

- 1.1 This paper reports on Internal Audit work undertaken during 2018/19, 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 2019.
- 2.3 In providing that opinion, Internal Audit has taken account of the findings arising from reviews of:
- Arrangements for Recording, Monitoring, and Responding to Freedom of Information Requests;
 - Business Continuity Management Arrangements; and
 - Input to the Annual Governance Statement of Assurance Questionnaire process.

3. Operational Activity Considered in Providing Overall Assurance

- 3.1 Annual Internal Audit work 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 2018/19.
- 3.2 Our work on Arrangements for Recording, Monitoring, and Responding to Freedom of Information (Fol) Requests focussed on: the roles, responsibilities, and mechanisms for recording, monitoring, and responding to requests received; the availability of policies, procedures,

guidance, and training; and the accurate and timely production of management information.

- 3.3 We were able to provide Substantial Assurance. All staff were clear about their roles and responsibilities, with an FoI Policy established to control the request handling process. Training is available to staff on the requirements of the FoI Policy and FoI (Scotland) Act 2002 although, at the time of the review, not all staff had completed the eLearning module.
- 3.4 In general, we found that staff were complying with legislative and Policy responsibilities. There was, however, some scope for improvement by ensuring that all FoI requests (including requests for reviews) are answered within the statutory 20 day deadline, that all applicants are advised of their right to complain to the Scottish Information Commissioner; and that recordkeeping via the FoI Log is enhanced.
- 3.5 In relation to work on Business Continuity Management (BCM) Arrangements, we reviewed: roles and responsibilities; arrangements for identifying and risk assessing critical systems and activities; ownership of, and accountability for, the completeness, proportionality, and effectiveness of Business Continuity Plans; the availability of guidance, training, and support to staff; and arrangements for testing the adequacy and robustness of business continuity plans.
- 3.6 We were able to provide Limited Assurance in relation to the adequacy of BCM arrangements.
- 3.7 In particular, we found there to be a need to further embed risk management, through the performance of a Business Impact Analysis at departmental level, and the development of a more robust corporate Business Continuity Plan.
- 3.8 A Business Continuity Team has been established to develop, implement, and test BCM arrangements, though no guidance or training had been provided to team members on the principles of BCM, and no formal terms of reference was in place.
- 3.9 In addition, no comprehensive and robust testing programme was in place to ensure that BCM arrangements are operating efficiently, effectively, and to the required standard. That said, the recovery of IT and email systems, at premises outwith the headquarters at Hillside House, had been subject to regular tests.
- 3.10 We also 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.

- 3.11 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.

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 2018. This concluded that the section was broadly compliant. The Scottish Prison Service's (SPS) Head of Audit and Assurance has completed an independent validation of this annual self assessment, and has also concluded that the Internal Audit section is broadly compliant with the Standards.

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 2019.**

.....

Internal Audit Manager

Date: 31 May 2019

Author: Gordon O'Connor, Internal Audit Manager
Contact: tel 07872 048 030, email goconnor@clacks.gov.uk
Date: 31 May 2019

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.