

The background of the slide features a large, light blue watermark of the University of Victoria crest. The crest is a shield divided into four quadrants. The top-left quadrant shows a building with a cross on top. The top-right quadrant shows a stag's head with antlers. The bottom-left quadrant shows a sailing ship on the water. The bottom-right quadrant shows an eagle with spread wings. Above the shield is a crown with four floral motifs. Below the shield is a banner with the motto 'ANNE FOR A'.

Agenda Item 5

Internal Audit Progress Report

Falkirk Council

Title: Internal Audit Progress Report
Meeting: Audit Committee
Date: 11 November 2019
Submitted By: Internal Audit, Risk, and Corporate Fraud Manager

1. Purpose of Report

- 1.1 This report provides an update on progress with completing the 2019/20 Internal Audit Plan.

2. Recommendation

2.1 It is recommended that the Committee:

- (1) notes progress being made with completing the 2019/20 Internal Audit Plan.**

3. Progress with Completing 2019/20 Internal Audit Plan

- 3.1 The Plan was agreed by Audit Committee on 08 April 2019. It set out 23 assignments to be completed by the team during the year.
- 3.3 To date, 5 assignments have been completed to final report stage. A further 13 are in progress or have been completed to draft report stage. A summary of progress is set out at Appendix 1. The Scope and Executive Summary of the report finalised since the last meeting of Committee in September is at Appendix 2.

4. Implications

Financial

- 4.1 There are no financial implications.

Resources

- 4.2 There are no resource implications.

Legal

- 4.3 There are no legal implications.

Risk

- 4.4 The role of Internal Audit is to provide Audit Committee 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

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

Sustainability/Environmental Impact

- 4.6 A sustainability / environmental assessment was not required.

5. Conclusions

- 5.1 The team are making good progress with 2019/20 Internal Audit work. This will contribute to a balanced and evidenced based year end opinion on arrangements for risk management, governance, and control.

Internal Audit, Risk, and Corporate Fraud Manager

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Date: 28 October 2019

APPENDICES

- Appendix 1: Internal Audit Plan: Progress at 28 October 2019.
- Appendix 2: Summary of Findings from Assignment Complete to Final Report – Not Previously Reported to Committee.

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.

INTERNAL AUDIT PLAN 2019/20 – PROGRESS AT 28 OCTOBER 2019

Planned Assignments (as per 2019/20 Internal Audit Plan)			
	Service	Assignment	Status
Annually Recurring Assignments			
1.	All Services	Consultancy Work and Income Generation	In Progress - Ongoing
2.	All Services	Continuous Auditing	In Progress - Ongoing
3.	All Services	National Fraud Initiative	In Progress - Ongoing
4.	All Services	Follow Up of Internal Audit Recommendations	In Progress - Ongoing
5.	Development Services	LEADER Grant Audit	Final Report Issued – Substantial Assurance
6.	Development Services	Carbon Reduction Commitment Energy Efficiency Scheme Audit	Final Report Issued – Substantial Assurance
7.	Development Services	Climate Change Act Public Body Duties Audit	Draft Report Issued
8.	Corporate and Housing Services	Annual Housing Charter Return	Draft Report Issued
9.	Corporate and Housing Services	Scottish Housing Regulator – Annual Assurance Statement Audit	Final Report Issued – Substantial Assurance
10.	Internal Audit	Reciprocal Audit Review with West Lothian Council	Benchmarking Exercise Underway with peer group of Councils
11.	Internal Audit	Public Sector Internal Audit Standards – Self Assessment	In Progress
12.	Corporate and Housing Services	Falkirk Pension Fund	Not Started
13.	Falkirk Integration Joint Board	<ul style="list-style-type: none"> • Medium Term Financial Planning; and • Carers (Scotland) Act 2016 and Participation and Engagement Strategy Arrangements 	<ul style="list-style-type: none"> • Not Started • Draft Report Issued
14.	Falkirk Community Trust	<ul style="list-style-type: none"> • General Data Protection Regulation (GDPR) Arrangements; and • Outstanding Debtors. 	<ul style="list-style-type: none"> • In Progress • Draft Report Issued

Committed Assignments – April 2019 to September 2019			
15.	All Services	Building Security (Operational Buildings)	Final Report Issued – Substantial Assurance
16.	Social Work Adult Services	Social Work Adult Services – Completeness of Framework of Financial Procedures and Guidance	In Progress
17.	Corporate and Housing / All Services	Creditors Purchase to Pay Cycle (PO / Invoice Processing and Authorisation)	In Progress
18.	All Services	System Administration – Access Privileges to Key Corporate Systems	Draft Report Issued
19.	All Services	Sickness Absence	Final Report Issued – Substantial / Limited Assurance
Indicative Assignments – October 2019 to March 2020			
20.	Corporate and Housing	Savings Tracking	Not Started
21.	Corporate and Housing / All Services	Procurement – Quick Quotes	Not Started
22.	Development / All Services	Business Continuity Management	Not Started
23.	All Services	Equality Act 2010 (Specific Duties)(Scotland) Regulations 2012	Not Started

Summary of Findings from Assignment Complete to Final Report – Not Previously Reported to Committee

Assignment	Service	Assurance
LEADER Grant Audit	Development Services	Substantial Assurance
Scope	Final Report Executive Summary	
<p>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 (LAG) who operate as a Board, defining a Local Development Strategy and distributing funds against that Strategy.</p> <p>Falkirk Council is the Accountable Body for the Kelvin Valley and Falkirk 2014 – 2020 LEADER Programme. The Accountable Body is accountable to the Scottish Government for the delivery and cash flow of the LEADER Programme.</p> <p>Since October 2015 the LAG have approved awards to 40 projects with a total value of £2,461,768.</p> <p>The SLA requires an annual Internal Audit of the functions and services undertaken by the Accountable Body, including a review of compliance with SLA requirements.</p> <p>We reviewed:</p> <ul style="list-style-type: none"> the terms of the SLA, and arrangements in place to cover these terms; the clarity of Local Action Group and Accountable Body governance and management processes; and review of LEADER administration processes; Local Action Group processes for considering project and funding applications, handling of enquiries and expressions of interest, project application development, and scoring and decision making; and LEADER administration grant claim processes. To include payments to the AB and applicants. 	<p>Service Level Agreement / Governance and Management / LEADER administration</p> <p>Our work focussed on ensuring that the high level governance approach that is documented in paragraph 2.1 of the Kelvin Valley and Falkirk LEADER Business Plan is in place. We discussed the approach with the Programme Manager and also reviewed key documentation. We were content that appropriate arrangements are in place.</p> <p>Applications and Scoring</p> <p>We reviewed a sample of five LEADER funding applications to assess compliance with established procedures. From our review of the paper and electronic files for these applications, we were content that the established procedures had been complied with.</p> <p>LEADER grant claims</p> <p>The Accountable Body is responsible for paying grant claims to project applicants. We reviewed a sample of ten recent grant claims from projects. We were content with the arrangements for paying grant claims to project applicants.</p> <p>The Accountable Body also submits LEADER grant claims to the Scottish Government. From reviewing the claims submitted to date 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.</p>	