

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest includes a crown at the top with four maple leaves, a shield divided into four quadrants (top-left: saltire, top-right: anchor, bottom-left: sailing ship, bottom-right: eagle), and a banner at the bottom with the motto 'CITY OF VANCOUVER' in French. The text 'Agenda Item 4' is centered over the upper part of the shield.

Agenda Item 4

Internal Audit Annual Assurance Report 2019/20

Falkirk Council

Title: Internal Audit Annual Assurance Report 2019/20
Meeting: Audit Committee
Date: 24 August 2020
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 2019/20.

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 2020;**
- (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.**

3. Overall Adequacy of the Council's Control Environment and Summary of Internal Audit Work Undertaken During 2019/20

- 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 This report has been prepared to meet those requirements.

3.4 The 2019/20 Internal Audit Plan set out twenty three main assignments to be undertaken by the team over the course of the year. Twenty one have been completed.

3.5 The reviews of Savings Tracking and Business Continuity Management were both ongoing in March, but the impact of the COVID-19 outbreak meant that both were stopped. Work on Savings Tracking will form part of our 2020/21 Internal Audit Plan, and wider corporate business continuity management arrangements will be considered as part of the corporate COVID-19 recovery and lessons learned process.

3.6 Internal Audit use a set of Assurance Categories. A summary of these is set out at Appendix 1.

3.7 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 2020.

3.8 A summary of completed assignments is set out at Appendix 2, with details on the scope of, and findings arising from, each set out at Appendix 3.

3.9 Internal Audit measures performance against the following Key Performance Indicators.

Key Performance Indicator	2019/20 Performance	2018/19 Performance	2017/18 Performance
1. Complete 85% of agreed audits.	91%	100%	100%
2. Have 90% of recommendations accepted.	100%	100%	99%
3. Issue 85% of draft reports within 3 weeks of completion of fieldwork.	100%	100%	100%

3.10 For 2019/20 actual performance exceeded target, although the impact of COVID-19 meant that Internal Audit Plan completion fell below 100% (as per paragraph 3.5).

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). 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 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 The Internal Audit Manager undertook a detailed self assessment against the Standards in 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. 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 was not required.

Sustainability / Environmental Impact

- 5.6 A sustainability / environmental assessment was not required.

6. Conclusions

- 6.1 Internal Audit undertook sufficient work during 2019/20 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.

Internal Audit, Risk, and Corporate Fraud Manager

Author: Gordon O'Connor, Internal Audit, Risk, and Corporate Fraud Manager,
01324 506339 gordon.oconnor@falkirk.gov.uk

Date: 11 August 2020

APPENDICES

- Appendix 1: Definition of Internal Audit Assurance Categories.
- Appendix 2: Summary of 2019/20 Internal Audit Programme.
- Appendix 3: Details of 2019/20 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 2019/20 INTERNAL AUDIT PROGRAMME

Planned Assignments (as per 2019/20 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
1.	All Services	Consultancy Work and Income Generation	Not Applicable – Ongoing Assurance
2.	All Services	Continuous Auditing	Duplicate Creditors payments of £171k identified during 2019/20
3.	All Services	National Fraud Initiative	Not Applicable – Ongoing Assurance
4.	All Services	Follow Up of Internal Audit Recommendations	Not Applicable – Ongoing Assurance
5.	Development Services	LEADER Grant Audit	Substantial Assurance
6.	Development Services	Carbon Reduction Commitment Energy Efficiency Scheme Audit	Substantial Assurance
7.	Development Services	Climate Change Act Public Body Duties Audit	Substantial Assurance
8.	Corporate and Housing Services	Annual Housing Charter Return	Substantial Assurance
9.	Corporate and Housing Services	Scottish Housing Regulator – Annual Assurance Statement Audit	Substantial Assurance
10.	Internal Audit	Reciprocal Audit Review with West Lothian Council	Participation in Benchmarking Peer Group
11.	Internal Audit	Public Sector Internal Audit Standards (PSIAS) – Self Assessment	Broadly Compliant with PSIAS
12.	Corporate and Housing Services	Falkirk Pension Fund: <ul style="list-style-type: none"> • Business Continuity Management; and • Transactional Testing. 	Substantial Assurance
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"> • Substantial Assurance • Substantial Assurance
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"> • Substantial Assurance • Substantial / Limited Assurance
15.	All Services	Building Security (Operational Buildings)	Substantial Assurance

Planned Assignments (as per 2019/20 Internal Audit Plan)			
	Service	Assignment	Level of Assurance
16.	Social Work Adult Services	Social Work Adult Services – Completeness of Framework of Financial Procedures and Guidance	Not Applicable - Consultancy
17.	Corporate and Housing / All Services	Creditors Purchase to Pay Cycle (PO / Invoice Processing and Authorisation)	Limited Assurance
18.	All Services	System Administration – Access Privileges to Key Corporate Systems	Substantial Assurance
19.	All Services	Sickness Absence	Substantial / Limited Assurance
20.	Corporate and Housing / All Services	Procurement – Quick Quotes	Substantial / Limited Assurance
21.	All Services	Equality Act 2010 (Specific Duties)(Scotland) Regulations 2012	Limited Assurance

Assignments Not Completed			
	Service	Assignment	Comment
1.	Corporate and Housing / All Services	Savings Tracking	Work on Savings and Transformation Tracking carried forward to 2020/21 Plan.
2.	Development / All Services	Business Continuity Management	Lessons learned in relation to Business Continuity Management will be captured within COVID-19 Recovery phase.

DETAILS OF 2019/20 INTERNAL AUDIT PROGRAMME

Assignment	Service	Assurance
Continuous Auditing	All Services	N/A – 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 2019 to March 2020 we identified potential duplicate payments with a value of £171k. Recovery action has been, or is being, taken.</p>	

Assignment	Service	Assurance
National Fraud Initiative	All Services	Not Applicable – 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>The 2018/19 NFI exercise is now complete.</p> <p>921 'High Risk' matches were released to Falkirk Council for review and investigation. These have been risk assessed and followed up as appropriate. No instances of fraud or error have yet 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. Since January 2019, as a result of participation in this exercise (which matches Council Tax and Electoral Roll data), 170 instances of wrongly claimed discount, totalling £110k, have been identified. Recovery action has been taken, or is underway, via adjustments to future Council Tax bills.</p>	

Assignment	Service	Assurance
LEADER Grant Audit	Development Services	Substantial
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>For 2019/20 our work covered the period 16 October 2018 to 15 October 2019, and focussed on reviewing:</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 Accountable Body 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 the Kelvin Valley and Falkirk LEADER Business Plan was 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>	

Assignment	Service	Assurance
Carbon Reduction Commitment Energy Efficiency Scheme Audit	Development Services	Substantial
Scope	Final Report Executive Summary	
<p>Internal Audit reviewed the Council's compliance with the CRC Energy Efficiency Scheme. 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 were content that roles, responsibilities, and risks were well understood, and that up to date procedural instructions were in place. The annual report was submitted on time. We tested reported data for a sample of properties to ensure it reconciled to Systems Link and, other than a few minor queries, we were content that this was the case.</p> <p>We were also content that the Council had in place arrangements to ensure that sufficient allowances were in place to cover the level of emissions reported.</p> <p>The evidence pack maintained to demonstrate compliance with carbon reduction commitments contained all mandatory evidence and was appropriately structured.</p>	

Assignment	Service	Assurance
Climate Change Act Public Body Duties Audit	Development Services	Substantial
Scope	Final Report Executive Summary	
<p>The Climate Change (Scotland) Act 2009 introduced the requirement for public bodies to report on their climate change duties. An Annual Report must be submitted to the Sustainable Scotland Network by 30 November, covering:</p> <ul style="list-style-type: none"> • Organisational Profile; • Governance, Management, and Strategy; • Corporate Emissions, Targets, and Project Date; • Adaptation; • Procurement; and • Validation and Declaration. <p>We undertook validation work on the Council's 2018/19 Annual Report.</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>We reviewed the consumption data provided in the report on the Council's emission sources (electricity, gas, oil, water, fuel, and waste) and were able to reconcile it to supporting documentation and to the data that had been recorded within the Council's Carbon Footprint. We could also reconcile the consumption data on renewable electricity and heat with supporting documentation.</p>	

Assignment	Service	Assurance
Annual Housing Charter Return	Corporate and Housing Services	Substantial
Scope	Final Report Executive Summary	
<p>Internal Audit undertook validation work in relation to Falkirk Council's Annual Return for 2018/19 on the Scottish Social Housing Charter. This covered 16 of the indicators and our work involved:</p> <ul style="list-style-type: none"> ensuring that the reported performance information agreed to the December 2017 Technical Guidance for the Scottish Social Housing Charter (published by the Scottish Housing Regulator); conducting testing to ensure that reported performance information was underpinned by adequate and robust supporting documentation; and checking arithmetical accuracy. 	<p>For the indicators we reviewed we were content that the data reported was accurate and complete, and that supporting documentation was available. We found some areas, however, where arrangements could be further enhanced for future years returns.</p>	

Assignment	Service	Assurance
Scottish Housing Regulator – Annual Assurance Statement Audit	Corporate and Housing Services	Substantial
Scope	Final Report Executive Summary	
<p>From April 2019, the Housing Service is required to submit an Annual Assurance Statement to the Scottish Housing Regulator. The Statement provides assurance that the Service is compliant with the relevant requirements of the Regulation of Social Housing in Scotland. The Statement must be submitted by October each year, with approval by the Executive prior to that.</p> <p>The approach taken by Housing was to evidence compliance with the 16 outcomes and standards in the Scottish Social Housing Charter, and to highlight where the Service meets the requirements set out in the Regulation.</p> <p>Internal Audit's work involved:</p> <ul style="list-style-type: none"> reviewing the completeness and accuracy of the 16 draft outcome and standard statements, prepared by Housing; ensuring that reported performance is underpinned by adequate and robust supporting documentation; and checking the accuracy of all reported numerical information and percentages. 	<p>We were able to provide Substantial Assurance in relation to the completeness and accuracy of the performance and numerical information in the outcome and standard statements.</p> <p>We were content that the performance and numerical information reported was accurate, and agreed to supporting documentation.</p> <p>We provided a number of comments on the draft outcome and standard statements to the Performance and Compliance Officer, and are content these were incorporated in the outcome and standard statements submitted to the Executive in August 2019 and, subsequently, to the Scottish Housing Regulator in October 2019.</p>	

Assignment	Service	Assurance
Falkirk Pension Fund: <ul style="list-style-type: none"> • Business Continuity Management; • Transactional Testing. 	Corporate and Housing Services	Substantial
Scope	Final Report Executive Summary	
<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; • controls around i-Connect (electronic transfer of data from employers creating starters and leavers) were operating effectively; and • that there were appropriate controls around the receipt of monthly contributions. <p>Business Continuity Planning</p> <p>We reviewed:</p> <ul style="list-style-type: none"> • the clarity of ownership, accountability, and roles and responsibilities; • the adequacy and robustness of the Fund's Business Continuity arrangements; and • the availability of guidance, training, and support to Pensions Section staff. 	<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>Business Continuity Planning</p> <p>We were content, on the basis of the ongoing Pensions Section response to the Covid-19 outbreak and the continued delivery of critical activities, that business continuity arrangements enable the critical activities of the Pensions Section to continue.</p> <p>These arrangements are documented in the Pension Fund Business Continuity document. The business continuity arrangements depend on the availability of ICT facilities and swift activation has been possible because disaster recovery arrangements for key processes have been documented.</p> <p>The Pensions Section has, however, encountered some challenges in activating the business continuity arrangements (for example, a reliance on paper records and being able to equip all members of the team with home working capacity). We recommended that, once normal working arrangements have resumed, the Fund's Business Continuity Document is updated to reflect, where possible, how to address these challenges.</p>	

Assignment	Service	Assurance
Building Security (Operational Buildings)	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>We undertook unannounced visits to a sample of ten 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 (eg, pupils and elderly residents) and Council vehicles are located.</p>	<p>We were able to provide Substantial Assurance in relation to the adequacy of building security arrangements.</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 it's grounds; • remote locking entry doors to the main reception area; • locked and secure external doors (eg, fire exits); and • CCTV cameras. <p>We did, however, find security weaknesses that require to be addressed at Dalgrain Depot, Grangemouth.</p>	

Assignment	Service	Assurance
Social Work Adult Services – Completeness of Framework of Financial Procedures and Guidance	Social Work Adult Services	Not Applicable – Consultancy
Scope	Final Report Executive Summary	
<p>The scope of this high level review was to evaluate and report on the completeness of Social Work Adult Services financial procedures and guidance, providing a Position Statement.</p>	<p>There is, currently, no over arching set of financial procedures or guidance which cover all key financial processes undertaken to support Social Work Adult Services tasks and activities. Work is being undertaken, however, to ensure all key financial processes and activities are identified and documented, and further development of the processes, procedures, and guidance will be done as part of the staged roll-out of Liquid Logic (and the ContrOcc module).</p> <p>Following the introduction of the new system, and the planned project changes, there should be an exercise undertaken to ensure that all key financial processes (tasks and activities) are detailed within a framework of financial procedures and guidance; that they are available to staff; and that training is provided. Both the Customer and Business Support Financial Transactions Team Leads and Section Leads should have the responsibility of ensuring that the Task Analysis and Training Plan are timeously updated for their teams.</p> <p>Internal Audit has undertaken other work with the Business Support Lead for Financial Transactions to improve financial processes in place within Social Work offices. This is a good example of refreshing procedures and delivering relevant training, as the Business Support Lead for Financial Transactions developed a new cash handling and storage process across all Social Work offices. This involved working with key staff to draft a procedure and to develop a training programme to be rolled out.</p>	

Assignment	Service	Assurance
Creditors Purchase to Pay Cycle (PO / Invoice Processing and Authorisation)	Corporate and Housing / All Services	Limited Assurance
Scope	Final Report Executive Summary	
<p>We assessed compliance with Financial Regulations and Contract Standing Orders for a sample of 25 payments. In particular, we checked whether:</p> <ul style="list-style-type: none"> • best value had been obtained for each purchase through the use of a contracted supplier or the completion of a market testing exercise; • an appropriately authorised Purchase Order (PO) was raised in advance of any works, goods, or services being provided, with the price, nature, and quantity of goods / services to be received clearly stated; • PO values reconciled to contract terms and / or prices agreed through market testing, with all subsequent invoice prices matching the PO price; • payments had been appropriately authorised, with all payments made in a timely manner after the goods / services had been received; and • adequate segregation of duties was in place between the Officers responsible for ordering, receiving, and paying for the goods and services. 	<p>Based on our testing, we were able to provide Limited Assurance. We found that the Council's Financial Regulations and Contract Standing Orders had not always been fully adhered to, with several significant weaknesses noted, for example:</p> <ul style="list-style-type: none"> • a comprehensive market testing exercise had not been completed on six occasions, with the Authorising Officer unable, therefore, to confirm or demonstrate that best value had been achieved; • no checks had been undertaken on the accuracy of three residential childcare related invoices, with the Authorising Officer advising that inadequate information systems are in place to facilitate the timely confirmation of agreed placement costs and the child's residence at the facility. We understand that these issues are common to all residential childcare related payments; • on eight occasions, the Officer responsible for authorising a Purchase Order and / or invoice payment on the Integra Financial Management system had placed reliance on another Officer to check that: the procured goods or services were required; a best value supplier had been secured; goods or services had been received in full; and / or correct prices had been charged for the goods or services; and • no documentation was held on six occasions to demonstrate that an appropriate level of authority had been delegated to the Officers responsible for authorising the Purchase Order and / or invoice. <p>Actions to address weaknesses identified were agreed with Services and the Corporate Procurement Unit.</p>	

Assignment	Service	Assurance
System Administration – Access Privileges to Key Corporate Systems	All Services	Substantial Assurance
Scope	Final Report Executive Summary	
<p>In 2018, a significant fraud was uncovered in Dundee City Council. This involved c£1million being fraudulently misappropriated by an employee over a seven year period.</p> <p>While the fraud was complex, weaknesses in the internal control framework facilitated the fraud and meant that it was not detected for some time. These included weaknesses in the corporate finance system internal control framework and in the payment interfaces between the multiple corporate IT systems integral to the purchase to pay process.</p> <p>This high level review aimed to provide reasonable assurance that similar internal control weaknesses do not exist across Falkirk Council. We focussed on ensuring that the existing internal control framework is sufficient to minimise the risks associated with employee and insider threats and, in particular, that no employee has high privilege user access rights across multiple corporate IT systems.</p>	<p>We found that, in general, sound systems of control were in place. All staff consulted during the review were clear about their roles and responsibilities.</p> <p>We reviewed high privilege users' access rights to Integra, the systems that interface with the Integra purchase ledger, as well as the BACS payment software. We were content that no individual user has the same combination of high privilege access that had been exploited in Dundee City Council. That is, high privilege access to Integra (the supplier database and the purchase ledger), high privilege access to any of the systems that interface with the Integra purchase ledger, and BACS access.</p> <p>We did, however, identify areas where there is scope to further improve the internal control framework. In particular, there was some scope for further restricting Integra permissions (Creditors Control for Creditors Staff and Purchase Ledger Interface) to only those users who regularly require them. In particular, because this access enables users to make additions or amendments to the supplier database as well as operate the payments run. In addition, we recommended that the number of users with high privilege user access to Abacus, Altair, Resourcelink, and Softbox was reviewed to ensure that access was necessary.</p> <p>We also reviewed the arrangements for processing and authorising payment files that are generated from the eleven corporate systems that interface with Integra. We were content that the values of payment files were reconciled prior to being uploaded to the purchase ledger and prior to the release of the payments. In addition, segregation of duties is achieved by there being different Officers involved in processing, exporting, and authorising the payment files.</p>	

Assignment	Service	Assurance
Sickness Absence	All Services	Substantial / Limited
Scope	Final Report Executive Summary	
<p>We reviewed the following:</p> <ul style="list-style-type: none"> roles and responsibilities for managing both short and long term sickness absence (including the availability of policies, procedures, guidance, and training); and a sample of current sickness absences (short and long term) throughout the Council to assess whether they are being managed and monitored in line with the Managing Sickness Absence Policy and Procedure. Ensuring that: <ul style="list-style-type: none"> Statement of Short Term Sickness Absence, Medical Certificate, and occupational health requirements / timescales are being followed; there is regular contact between the staff member and their manager during the period of absence; correct adjustments have been made to pay and annual leave entitlements; and the availability and adequacy of management information at a Service and corporate level (including the reporting of sickness absence levels, trigger points, and trends). 	<p>We provided a separate assurance level for each remit item:</p> <ul style="list-style-type: none"> roles, responsibilities, policies, procedures, and training – Substantial Assurance; compliance with policies and procedures at Service level – Limited Assurance; and availability and adequacy of management information at a Service and corporate level – Substantial Assurance. <p>All staff consulted during the review were clear about their roles and responsibilities, with adequate training available on all aspects of the Managing Sickness Absence Policy (albeit that training modules are not always completed by managers).</p> <p>In general, a robust Policy has been established to manage the sickness absence process. There remains some scope for further improvement, however, eg by including greater clarity on the rules for calculating amendments to annual leave (abatements and carry overs) following a long term sickness absence, and the IT systems which should be used to record and monitor sickness absence.</p> <p>Our work on compliance with Policy responsibilities highlighted several errors in relation to the recording of sickness absence details. This included, eg the omission of a sickness absence from MyView, and the logging of an inaccurate start and end date for a period of sickness absence. Anomalies were also identified with annual leave adjustments in all three cases within our sample.</p> <p>Various stages of the sickness absence management process are not, routinely, being undertaken in a timely manner, for example: referral of employees to Occupational Health; performance of Return to Work Interviews; and the input of absence end dates to MyView. Delays in undertaking these key tasks may have an adverse impact on employee attendance levels and the accuracy of sickness absence payments.</p> <p>We also found there to be numerous instances where the audit trail was incomplete and not in line with the Policy. In particular, there was a lack of documentation to confirm that managers had maintained regular contact with employees on long term sickness absence and, on occasion, limited documentary evidence to support a sickness absence (eg, no absence self certificate). Furthermore, absence documentation was not always uploaded to MyView.</p> <p>A sickness absence monitoring regime has been established. This includes a requirement for managers to evaluate individual employee attendance levels against absence trigger points, with employees who meet or exceed these triggers subject to absence review meetings and periods of attendance monitoring. Reports setting out employees who have met the trigger points are available to managers via Barrachd, and we are content with the range of information available.</p> <p>In addition to the individual employee absence trigger points, an overall sickness absence target (4%) is in place within the Council. Compliance with this target is measured by Human Resources and published on the Council's website on a quarterly basis. As the target has not been met in recent years, we are of the opinion that compliance levels, and progress with actions to meet the target, should be reported to the Corporate Management Team on a quarterly basis.</p>	

Assignment	Service	Assurance
Procurement – Quick Quotes	Corporate and Housing / All Services	Substantial / Limited
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> controls over access to the Quick Quote facility on the Public Contracts Scotland (PCS) website, including training arrangements for all new users; and a sample of transactions with an aggregate value between £1k and £50k, across all Services, to ensure that Section 13 of the Financial Regulations and Section 7 of the Corporate Procurement Procedures were complied with. 	<p>We were able to provide Substantial Assurance in relation to the adequacy of controls for allowing access to the PCS Quick Quote facility, and Limited Assurance in relation to the level of compliance with the Council's Financial Regulations and Corporate Procurement Procedures for purchases with an aggregate value between £1k and £50k.</p> <p>Access to the Quick Quote facility on the PCS website is controlled via a unique user ID and password, with the Procurement and Commissioning Unit responsible for assigning access rights to all Falkirk Council staff through the creation of user account profiles. Training is available to all staff on the functionality of the Quick Quote facility and the key requirements when undertaking Quick Quote exercises, albeit that not all users have attended the mandatory training sessions.</p> <p>Our work on compliance with the Council's Financial Regulations and Corporate Procurement Procedures for a sample of 10 purchases with a value between £1k and £50k (the parameters between which Quick Quote exercises were required at the time of the Audit) did, however, identify a number of issues. In particular:</p> <ul style="list-style-type: none"> a comprehensive market testing exercise had not always been completed, with the procuring Officer(s) unable, therefore, to confirm or demonstrate that best value had been achieved; market testing had not always been undertaken using the Quick Quote facility, thereby reducing the transparency of the quotation request and receipt process; and invoice amounts could not always be reconciled to the agreed supplier rates / costs. 	

Assignment	Service	Assurance
Equality Act 2010 (Specific Duties)(Scotland) Regulations 2012	All Services	Limited Assurance
Scope	Final Report Executive Summary	
<p>We reviewed overarching arrangements at a corporate level for co-ordinating, reporting, and raising awareness on the progress made with Equality Act duties, in line with the Public Sector reporting requirements.</p>	<p>The Council's Equal Opportunities Policy was approved by the Executive on 08 October 2013. It was reviewed in April 2018 to take account of the provisions of the Equality Act (2010). Since then, Falkirk Council has developed and published a mainstreaming report (including Equality Outcomes).</p> <p>The Council's 2019 Mainstreaming Report included updates from both the Council and the Education Service, but not the Licensing Board. We found that although there was a 2017 Licensing Board Mainstreaming Report, there hasn't been a 2019 update report completed as yet, which is not in line with the Council's statutory requirements.</p> <p>We also found that there is a need to further embed equalities within the Council's corporate structures. This includes:</p> <ul style="list-style-type: none"> • Developing a corporate approach to equalities, supporting and complementing the work of Services, and monitoring progress, through the establishment of an Equalities Governance Framework. As well as an awareness raising launch of the Equalities Governance Framework once it has been established; • Performing an Equalities Self Assessment to assess the extent to which equalities are embedded across the Council, and develop Self Assessment Action Plans to drive the future corporate approach; • Reviewing the Equality Outcomes in place to ensure that key prioritised areas relating to the Council's core functions are included, with regular reporting of progress and impacts / shortfalls established; and • Providing a more joined up approach to the completion of Equality and Poverty Impact Assessments which would see the introduction of quality assessments and an Equality and Poverty Impact Assessment Toolkit. 	