

**FALKIRK COUNCIL**

**MINUTE of the MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 24 JUNE 2013 at 9.30 a.m.**

**COUNCILLORS:** Depute Provost John Patrick  
Allyson Black  
Tom Coleman ( Convener)  
Baillie Joan Paterson

**OFFICERS:** Margaret Anderson, Director of Social Work  
Paul Ferguson, Revenue Manager  
Rhona Geisler, Director of Development Services  
Gary Greenhorn, Head of Education Planning & Resources  
David McGhee, Head of Resources & Procurement  
Gordon O'Connor, Internal Audit Manager  
Brian Pirie, Democratic Services Manager  
Mary Pitcaithly, Chief Executive

**ALSO**

**ATTENDING:**

Fiona Mitchell Knight, Audit Scotland  
Lisa Proctor, Audit Scotland  
John Jenkins, Audit Scotland

**AC1. APOLOGIES**

Apologies were received from Roseann Stevenson, Provost Pat Reid and Councillor Steven Carleschi.

**AC2. DECLARATIONS OF INTEREST**

None.

**AC3. MINUTE**

Decision

The Minute of the Meeting held on 25 March 2013 was approved.

#### **AC4. CORPORATE GOVERNANCE ARRANGEMENTS – KEY FINANCIAL SYSTEMS CONTROLS**

The Committee considered a report by the Chief Finance Officer presenting the external auditor's report on a review of key financial systems of internal control.

Audit Scotland had undertaken an evaluation of the Council's internal financial controls. The audit found that the key controls were operating satisfactorily. While no specific risks were identified a number of areas for improvement had been highlighted and these were detailed in an action plan together with the management's planned response.

##### **Decision**

**The Report was noted.**

#### **AC5. INTERNAL AUDIT: ANNUAL ASSURANCE REPORT 2012/13**

The Committee considered a report by the Internal Audit manager on the 2012/13 internal audit programme

The 2012/13 audit programme consisted of 23 main reviews. The report provided a summary of the internal audit work undertaken together with the level of assurance provided of each review. The Internal Audit manager had, on the basis of the assurances given, provided substantial assurance on the Council's overall framework of controls for the year 1 April 2012 to 31 March 2013.

Committee sought further detail on the reviews of corporate risk management arrangements, recruitment and selection and on maintenance within Council housing.

##### **Decision**

**The Report was noted.**

#### **AC6. ANNUAL GOVERNANCE STATEMENT 2012/13**

The Committee considered a report by the Chief Executive presenting the Annual Governance Statement for inclusion in the Council's Annual Accounts for 2012/13.

The Committee discussed the need to ensure that the areas for improvement identified within the Statement are managed and prioritised within the context of the Council's overall workplan. The Committee also sought information on plans to redevelop the Council's website.

##### **Decision**

**The Annual Governance Statement 201/13 was approved.**

**AC7. FALKIRK COUNCIL ASSURANCE AND IMPROVEMENT PLAN UPDATE  
2013 - 16**

The Committee considered an update by Audit Scotland on the Assurance and Improvement Plan.

The Assurance and Improvement Plan (AIP) for the Council had been established in 2010. It set out the planned scrutiny activity for the Council for the period April 2010 to March 2013 based on a shared risk assessment undertaken by the main local government and inspection agencies. Its aim was to focus on scrutiny activity. The AIP had been updated annually and the AIP for the period April 2013 to March 2016 was now presented.

The Committee sought clarification on arrangements for showing best practice amongst and between the local public bodies and how the AIP sat in the hierarchy of audit plans.

**DECISION**

**The report was noted.**

**FALKIRK COUNCIL**

**Subject: REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE  
CENTRAL SCOTLAND JOINT FIRE & RESCUE BOARD 2012/13 AUDIT  
Meeting: AUDIT COMMITTEE  
Date: 23 September 2013  
Author: CHIEF FINANCE OFFICER**

**1. INTRODUCTION**

- 1.1 International Standard on Accounting 260 (ISA 260) “Communication of audit matters to those charged with governance” requires auditors to communicate matters relating to the audit of the financial statements, to those charged with governance of a body, in sufficient time to enable action. Audit Scotland’s report for 2012/13 which also comprises the annual report on the 2012/13 audit is attached for information.
- 1.2 With the dissolution of the Central Scotland Joint Fire & Rescue Board with effect from 31 March 2013, residual accounting and reporting obligations were transferred to Falkirk Council, hence the reason this report is being brought before the Audit Committee.

**2. FINDINGS**

- 2.1 Whilst the accounts have been adjusted for mis-statements and other minor presentational and typographical changes, only one item has not been amended relating to non-accrual of holiday pay amounting to £3k. This is immaterial to the accounts as a whole and I propose that no adjustment is made for this sum. This view is supported by the External Auditor.
- 2.2 The unaudited accounts were issued on 28 June 2013 and the audited accounts were authorised for issue on 23 September 2013, both dates in compliance with legislative requirements. Key issues arising from the audit are noted below:
  - The External Auditor’s anticipated report is unqualified
  - The Board’s arrangements for the prevention and detection of fraud were satisfactory
  - The Working Papers provided by Finance Staff were of a high standard and the staff provided good support to the audit team
  - Following agreed audit adjustments, Net Assets and Reserves increased by £78k.
  - No material weaknesses in the accounting and internal control systems were identified during the audit and sound governance arrangements were in place
  - Notable improvements were made in relation to most statutory performance indicators for the year

**3. CONCLUSION**

- 3.1 The issue of the External Auditor’s report formally concludes the 2012/13 audit process.

**4. RECOMMENDATIONS**

**4.1 Members are invited to note the External Auditor's report.**

**Chief Finance Officer**

**Date: 21 August 2013**

**Contact Officer: John Flannigan**

**LIST OF BACKGROUND PAPERS**

NIL

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# Report to those charged with governance on the Central Scotland Joint Fire and Rescue Board 2012/13 audit

Committee :	Audit Committee
Date:	23 September 2013
Location:	Falkirk

## Background

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
2. The Police and Fire Reform Act 2012 wound up Central Scotland Joint Fire and Rescue Board on 31 March 2013 and transferred the Board's functions to the new Scottish Fire and Rescue Service. Residual accounting and reporting obligations were transferred to Falkirk Council and we are therefore reporting to the Audit Committee as those charged with governance.
3. This report sets out the matters arising from the audit of the financial statements for 2012/13 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. It should be noted that the audit opinion reflects recent discussions with management and is subject to satisfactory conclusion of any outstanding matters.
4. We also present for your consideration our draft annual report on the 2012/13 audit which identifies significant findings from the financial statements audit. This report is attached at Appendix C.

## Status of the work

5. We have completed the audit of the accounts for Central Scotland Joint Fire and Rescue Board. The issues arising from the financial statements audit were included in matters arising schedules issued to the relevant Senior Accountant during the course of the audit. The more significant issues were discussed with the Depute Chief Finance Officer of Falkirk Council on 20 August 2013.

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## Fraud

6. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of fraud that have arisen that should be brought to our attention. A specific confirmation from management in relation to fraud has been included in the draft letter of representation.

## Audit opinion and representations

7. We anticipate being able to issue an unqualified auditor's report on 23 September (the proposed report is attached at [Appendix A](#)). There are no anticipated modifications to the audit report.
8. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature which we regard as errors less than £1,000.
9. A small number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with senior finance officers who agreed to amend the unaudited financial statements. The effect of these adjustments is to decrease expenditure by £0.078m and correspondingly decrease the income from requisitions from constituent councils. Net assets as recorded in the balance sheet have remained unchanged with an increase of £0.078m in prepayments correspondingly netted off with an increase in short term creditors.
10. There was also one minor error that has not been adjusted in the financial statements. This relates to a £3k under accrual of holiday pay. It is our responsibility to request that all errors be corrected although we would agree with management that this item is not material to the financial statements.
11. As part of the completion of our audit we seek written assurances from the Chief Finance Officer on aspects of the financial statements and judgements and estimates made. A draft letter of representation under ISA580 is attached at [Appendix B](#). This should be signed and returned by the Chief Finance Officer with the signed financial statements prior to the independent auditor's opinion being certified.

## Audit findings

12. During the course of the audit we have identified a number of issues regarding the appropriateness of accounting policies or accounting estimates and judgements, disclosure requirements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties. Paragraphs 9-12 headed 'audit findings' in the attached annual audit report set out the issues we regard as those to be reported.

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## Outstanding matters

13. There are no outstanding matters.



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# APPENDIX A:

## Proposed Independent Auditor's Report

### **Independent auditor's report to the members of Falkirk Council and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of Central Scotland Joint Fire and Rescue Board for the year ended 31 March 2013 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (the 2012/13 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Responsible Financial Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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## **Opinion on financial statements**

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2012/13 Code of the state of the affairs of the body as at 31 March 2013 and of the income and expenditure of the body for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 Code
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

## **Opinion on other prescribed matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which I am required to report by exception**

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records
- I have not received all the information and explanations I require for my audit
- the Statement on the System of Internal Financial Control does not comply with the 2012/13 Code
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

James Rundell CPFA  
Senior Audit Manager  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
Glasgow  
G2 1BT

23 September 2013

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# Appendix B: ISA 580 - Letter of Representation

James Rundell  
Senior Audit Manager  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Jim

## **Central Scotland Joint Fire and Rescue Board**

### **Annual Accounts 2012/13**

1. This representation letter is provided in connection with your audit of the financial statements of Central Scotland Joint Fire and Rescue Board for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Central Scotland Joint Fire and Rescue Board, as at 31 March 2013 and its Comprehensive Income and Expenditure Statement for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of relevant officers, the following representations given to you in connection with your audit of Central Scotland Joint Fire and Rescue Board for the year ended 31 March 2013.

### **General**

3. I acknowledge my responsibility and that of Central Scotland Joint Fire and Rescue Board for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by Central Scotland Joint Fire and Rescue Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

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4. The information given in the Annual Report to the financial statements, including the Explanatory Foreword and Remuneration Report, presents a balanced picture of Central Scotland Joint Fire and Rescue Board and is consistent with the financial statements.
  5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

### **Financial Reporting Framework**

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements.
7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of Central Scotland Joint Fire and Rescue Board for the year ended 31 March 2013.

### **Accounting Policies & Estimates**

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern**

10. The functions of Central Scotland Joint Fire and Rescue Board have transferred to the new Scottish Fire and Rescue Service and a going concern basis has therefore been followed for the production of the accounts.

### **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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## **Events Subsequent to the Balance Sheet Date**

- 12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

## **Corporate Governance and Internal Control**

- 13. I acknowledge as Chief Finance Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
- 14. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. There have been no changes in internal control arrangements relating to residual transaction for the board, since the 31 March 2013, which require disclosure.
- 15. The absence of an assurance letter from the Chief Fire Officer has not undermined my ability to reach a conclusion on the Board's internal control environment. Based on the work undertaken by Internal Audit during 2012/13, I concluded that substantial assurance could be placed on the adequacy and effectiveness of the Board's internal financial controls.

## **Fraud**

- 16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

## **Assets**

- 17. The assets shown in the Balance Sheet at 31 March 2013 were owned by Central Scotland Joint Fire and Rescue Board and were transferred to the new Scottish Fire and Rescue Service on 1 April 2013.
- 18. I can also confirm that the trade receivables figure in the Balance Sheet is accurate and reliable. A detailed exercise of year end accruals was undertaken at the request of external audit and any errors identified were corrected.

## **Liabilities**

- 19. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2013.

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## **Carrying Value of Assets and Liabilities**

20. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

## **Provisions**

21. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2013 and of which Central Scotland Joint Fire and Rescue Board could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2013.

Yours sincerely

Chief Finance Officer

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# Appendix C: Draft Annual Report on the 2012/13 Audit

(See separate document)



# **Central Scotland Joint Fire and Rescue Board**

## **Annual Report on the 2012/13 Audit**



Prepared for the Members of Falkirk Council and the Controller of Audit for Scotland  
August 2013



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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# Key Messages

## 2012/13 audit findings

We have given an unqualified opinion that the financial statements of Central Scotland Joint Fire and Rescue Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

The audit of the financial statements was completed within the timescales outlined in our Annual Audit Plan. The plan was previously submitted to the Central Scotland Joint Fire and Rescue Board Best Value and Scrutiny Committee on 22 March 2013. The accounts and working papers were presented for audit on 13 June 2013, in accordance with the agreed timetable, and audit work was completed by the end of August 2013.

A limited number of amendments to the accounts were necessary. The main changes were presentational in nature but there was one amendment that resulted in an adjustment to the level of reserves redistributed to constituent councils.

Overall the Board's governance arrangements in 2012/13 were adequate. This was corroborated by the Annual Assurance Report prepared by the Internal Audit Manager which stated that substantial assurance could be placed on the arrangements for risk management, governance, and control for the year to 31 March 2013.

In addition we concluded that the authority had adequate arrangements for the prevention and detection of fraud during 2012/13, including participation in the National Fraud Initiative.

The Board's Best Value and Scrutiny Committee received regular performance management reports throughout the year. These highlighted that the Board performed well in a number of areas such as health and safety, although sickness absence was higher than the average in comparison with other Boards.

# Introduction

1. The Police and Fire Reform Act 2012 wound up Central Scotland Joint Fire and Rescue Board on 31 March 2013 and transferred the board's functions to the new Scottish Fire and Rescue Service on 1 April 2013. Residual accounting and reporting obligations were transferred to Falkirk Council who had previously been the lead authority for accountancy support to the outgoing board.
2. This report is the summary of our findings arising from the 2012/13 audit of Central Scotland Joint Fire and Rescue Board. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
3. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the [Code of Audit Practice](#) prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect.
4. This report is also addressed to the Controller of Audit and will be published on our website after consideration by the Council's Audit Committee on 23 September 2013.

# Financial statements

## Conduct and scope of the audit

5. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Joint Board on 22 March 2013, and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
6. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the audit was disclosed in the Annual Audit Plan and remains unchanged.

## Audit opinion & accounting issues

7. We have given an unqualified opinion that the financial statements of Central Scotland Joint Fire and Rescue Board for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The audit opinion will be formally issued and signed on 23 September 2013.
8. We received the unaudited financial statements on 13 June 2013 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team. The financial statements were required to follow the Code of Accounting Practice 2012/13 and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

## Audit findings (ISA260)

9. During the course of the audit we identified a number of issues regarding the appropriateness of accounting policies or accounting estimates and judgements, disclosure requirements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.
10. Trade payables were originally overstated by approximately £74,000 in the unaudited accounts. This was due to incorrect accounting treatment. On investigation, it was found that International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets) applied and finance staff amended the accounts to include a provision.
11. Expenditure of approximately £78,000 relating to financial year 2013/14 was accounted for incorrectly in 2012/13. This was corrected by finance staff resulting in an increase in prepayments of £78,000, and a corresponding increase in short term creditors. Expenditure was also decreased by £78,000, with a corresponding decrease in requisitions received from constituent councils. The net effect of these adjustments resulted in no change to the bottom line on the balance sheet or comprehensive income and expenditure statement.

12. Assurance on the adequacy of internal financial controls was not received from the Chief Fire Officer prior to his retirement at the year end. This did not undermine the ability of the Chief Finance Officer to reach a conclusion on the adequacy of the control environment as he was able to place reliance undertaken by internal and external audit.

## Whole of Government Accounts

13. The whole of government accounts (WGA) are the consolidated financial statements for all branches of government in the UK. The 2012/13 WGA return to the Scottish Government was submitted by officials prior to the deadline of 30 August 2013.

## Financial position

14. Central Scotland Joint Fire and Rescue Board finished the year with a usable reserves balance of £1.061m which was above that budgeted. This was due to the budgeted transfer from reserves being underutilised. The balance was adjusted to £1.072m to account for some late payments and was then adjusted to nil in the accounts to reflect the agreement for the repayment of uncommitted reserves to constituent councils.
15. The Board had total borrowings of £5.541m at the 31 March 2013. This borrowing was facilitated by and will remain with the council, although it will be serviced by the new Scottish Fire and Rescue Service going forward.

## Corporate governance and systems of internal control

### Overall governance arrangements

16. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Board had adequate governance arrangements in place.
17. The Board met regularly throughout the year to discuss and review strategic and operational issues including transitional arrangements for the transfer to the new Scottish Fire and Rescue Service. In carrying out this work, the Board was supported by a number of sub committees, namely the Best Value and Scrutiny Committee, and the Resources and Joint Consultative Committee.

### Accounting and internal control systems

18. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.
19. Internal audit is an important element of the Board's governance structure. The internal audit function was provided by the internal audit section of Falkirk Council. Our annual review of internal audit in terms of International Accounting Standard 610 (Using the work of Internal

Audit) confirmed that the internal audit service operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government and has sound documentation standards and reporting procedures in place. We were therefore able to place formal reliance on the work of internal audit in a number of areas including key controls within the main financial systems. This not only avoided duplication of effort but also enabled us to focus on other key risk areas.

20. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements. In forming our opinion, we obtained significant assurance from the Internal Audit Manager's 2012/13 Annual Assurance Report which concluded that substantial assurance could be placed on the arrangements for risk management, governance, and control for the year to 31 March 2013.

### **Prevention and detection of fraud and irregularity**

21. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. During 2012/13 the Board's Whistle Blowing and Anti Fraud and Corruption Policy remained in place. In our opinion Central Scotland Joint Fire and Rescue Board's overall arrangements for the prevention of fraud were satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

### **NFI in Scotland**

22. Audit Scotland has coordinated another major counter fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the National Fraud Initiative in Scotland (NFI), are undertaken every two years as part of the statutory audits of the participating bodies. The latest exercise started in January 2013 but is not due to report until May 2014.
23. The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. Where matches are identified these are made available to bodies to investigate. With regard to Central Scotland Fire and Rescue Board there were a low number of low risk matches identified as a result of the exercise and these fall to be followed up by the new Scottish Fire and Rescue Service.

### **Standards of conduct and arrangements for the prevention and detection of corruption**

24. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. As part of our preliminary evaluation of governance arrangements we noted that the Board had a

Code of Conduct in place for employees and members, as well as Standing Orders for Committees and other arrangements such as Financial Regulations provided by Falkirk Council. No issues have been identified by us for inclusion in this report.

## Best value

### Best value and performance

25. In July 2012, the Accounts Commission published its overview report on Best Value in Fire and Rescue Services in Scotland. This report drew on the findings of Best Value audits of Scotland's eight fire and rescue services published between January and March 2012. Some of the key messages highlighted in the report were:
- The new national Scottish Fire and Rescue Service will inherit many aspects of strong performance.
  - There had been an increasing focus on the preventative role of fire and rescue services in Scotland.
  - Five of the Scottish services are among the six most expensive in the UK.
26. It also focused on the opportunities and challenges facing fire and rescue in moving towards the Scottish Fire and Rescue Service (SFRS), which came into operation on 1 April 2013. The SFRS will be subject to scrutiny by both Her Majesty's Fire Service Inspectorate in Scotland (HMFSI) and the Auditor General for Scotland. Audit Scotland is working with HMFSI on an early inspection of the SFRS during 2013.

### Performance Management

27. The Board had well established performance management and reporting arrangements in place during 2012/13. The performance reporting format included a number of local and statutory performance indicators which were linked to the Community Planning Partnerships in Clackmannanshire, Falkirk and Stirling.
28. The performance reports contain a suite of performance indicators which are benchmarked against the best performing Scottish Fire and Rescue Services. This has shown that Central Scotland Fire and Rescue Service had performed better than other Scottish services in many areas, such as health and safety.

### Statutory Performance Indicators

29. Central Scotland Fire and Rescue Service have made notable improvements in relation to most statutory performance indicators in 2012/13. For example the number for incidents resulting in casualties per 10,000 population has fallen by 41%, from 1.36 in 2011/12 to 0.8 in 2012/13. Also, the number of fatal and non-fatal casualties per 10,000 population has fallen by 44%, from 1.94 in 2011/12 to 1.1 in 2012/13.



- 30. In terms of accidental dwelling fires, the rate per 10,000 population has fallen by 13%, from 6.9 in 2011/12 to 6.0 in 2012/13. These improvements represent good performance going forward into the new SFRS.
- 31. Sickness absence levels have continued to increase in 2012/13. The average number of days lost per fire officer due to sickness and light duties in respect of rider shifts has increased by 73% from 4.9 days in 2011/12 to 8.5 days in 2012/13. Also, the average number of working days lost due to sickness for all other staff has increased by 25% from 7.7 days to 9.6 days. Part of this increase was due to the long term absence of two members of staff.

## Acknowledgements

- 32. We would like to express our thanks to the staff of the council and the board for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.

**FALKIRK COUNCIL**

**Subject: ANNUAL ACCOUNTS 2012/13**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: CHIEF FINANCE OFFICER**

**1. INTRODUCTION**

- 1.1 The purpose of the report is to review and recommend approval to Council of the Audited Accounts of the Council for the year to 31 March 2013. In addition, with the dissolution of Central Scotland Joint Fire and Rescue Board with effect from 31 March 2013, their Accounts are also presented for review.

**2. 2012/13 ACCOUNTS**

- 2.1 The Accounts of the Council have now been audited and will be issued to Members under separate cover. The auditor's certificate is free from qualification. Copies of the accounts will be sent to interested parties, their availability advertised in the local press and will be posted on the Council's website.

**3. RECOMMENDATION**

- 3.1 That Members review and recommend approval to Council of the Audited Annual Accounts of the Council and review the Audited Annual Accounts of the Central Scotland Fire & Rescue Board to 31 March 2013.

**Chief Finance Officer**

**Date: 14 August 2013**

**Contact Officer: John Flannigan**

**LIST OF BACKGROUND PAPERS**

NIL

**FALKIRK COUNCIL**

**Subject: SCOTTISH GOVERNMENT CONSULTATION – LOCAL AUTHORITY ACCOUNTS REGULATIONS**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: CHIEF FINANCE OFFICER**

**1. INTRODUCTION**

- 1.1 The Local Authority (Scotland) Accounts Regulations 1985 (the 1985 Regulations) set out the statutory arrangements for local authority accounts and audit. Following a request from the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), the Scottish Government has carried out a review of the 1985 Regulations and are now consulting on the proposed changes.
- 1.2 The Council's proposed response is attached as an Appendix and will be submitted by the consultation closing date of 4 October 2013.

**2. BACKGROUND**

- 2.1 The review proposes a number of changes to the existing regulations which would be effective from financial year 2013/14 onwards and these are summarised below.

**2.2 Strengthen governance**

The consultation draft regulations propose:

- A role for the local authority as a corporate body to take responsibility for ensuring the financial management of the authority is adequate and effective. This includes a requirement for the authority to undertake an annual review of the effectiveness of its system of internal control. Following this review the authority is required to consider the findings of that review and issue a governance statement. This statement is to be published as part of the annual statutory accounts.
- Placing the responsibility on the local authority as a corporate body to keep adequate accounting records. The proper officer (i.e. CFO) is still identified as being responsible for maintaining the accounting systems and records and ensuring the systems are up to date and being observed.
- An enhanced role for council members for approving the annual statutory accounts, which requires a meeting of members, either of the authority or by committee, to consider the accounts.

**2.3 Enhanced reporting**

In addition the proposed changes seek to promote enhanced reporting in the statutory accounts. The CIPFA/LASAAC Code Board considered whether the Explanatory Foreword in the statutory accounts should be replaced with a Management Commentary in line with the UK Government's Financial Reporting Manual (FRoM). The position taken by the Code Board is to encourage local authorities to prepare a report taking into consideration the FRoM but not

making it a requirement. The Code Board has indicated it is looking to the UK Government and the Devolved Administrations to provide direction. Including the requirement for a Management Commentary in the consultation draft of the regulations seeks to resolve this situation by providing Scottish local authorities with the opportunity to express their views.

## **2.4 Internal audit**

The consultation draft of the regulations proposes to make it a statutory requirement for a local authority to undertake an adequate and effective internal audit.

## **2.5 Remuneration Report**

In 2011 the 1985 Regulations were amended to require the statutory accounts to contain a Remuneration Report, which includes the disclosure of information on pension rights.

The consultation undertaken in 2010 included a proposal for the remuneration report to disclose the value of the cash equivalent transfer value of a person's pension right. In light of consultation responses at that time, in particular feedback that imminent tax changes should be considered, Scottish Ministers did not make this disclosure a requirement in the amending regulations laid before the Scottish Parliament.

The disclosure of cash equivalent transfer values continues to be a requirement for both central government and the private sector, and this has not changed in light of tax changes to pensions. It is therefore proposed to make it a requirement that local authorities should make this disclosure.

## **2.6 Timetable and coverage**

It is proposed that the 1985 regulations are revoked and replaced with a new single set of regulations and that the new regulations will come into force this financial year and will be applicable to the statutory accounts for 2013-14 onwards.

## **3. RECOMMENDATION**

### **3.1 Committee is invited to note the Council's proposed response.**

**Chief Finance Officer**

**Date: 15 August 2013**

**Contact Officer: John Flannigan**

## **LIST OF BACKGROUND PAPERS**

NIL



## CONSULTATION: LOCAL AUTHORITY ACCOUNTS REGULATIONS

### RESPONSE SHEET

If you ask for your response not to be published we will regard it as confidential and we will treat it accordingly. You should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Unless confidentiality is requested the Scottish Government may also publish responses on the Scottish Government website. Please note that if you wish to provide additional commentary on separate sheets it would be helpful if you set out clearly the questions and/ or parts of the draft regulations to which your comments relate.

This response sheet provides some commentary on the proposed regulations. Please also refer to the consultation draft of the regulations which has been provided as part of the consultation documents.

The consultation closes **4 October 2013**

### CONSULTATION QUESTIONS

The Local Government Accounts (Scotland) Regulations 2013			
PART 1: Introductory			
<i>Regulation 1: Citation and Commencement</i> We propose the regulations will come into force in the current financial year. This means the new regulations will apply to the 2013-14 financial year and the 2013-14 annual statutory accounts, and subsequent years. Regulation 3 provides an interpretation of words or phrases used in the regulations. The definition of proper officer has been extended to cover any absence or illness of the proper officer. Regulation 4 revokes The Local Authority Accounts (Scotland) Regulations 1985 (and amending regulations).			
	Question	Response	Comments / Feedback
1	Do you agree that the definition of proper officer addresses the issue of absence or illness of the proper officer? If not please provide reasons and any suggested alternative	Yes	
2	Any other comments?	No	

**PART 2: Financial management and internal control*****Regulation 5: Responsibility for financial management***

This regulation introduces a new requirement. There is currently no statutory requirement for Scottish local authorities to undertake an annual review of their system of internal control or to report this in an Annual Governance Statement. The regulation requires the statement to be prepared in accordance with proper practices. The Scottish Government intends to issue non-statutory guidance which will identify proper practices as being *Delivering Good Governance in Local Government* published by CIPFA and SOLACE. The proposal is for the requirement to commence with the financial year 2013-14.

The CIPFA/LASAAC Code of Practice (the Code) on Local Authority Accounting requires Scottish local authorities to include a Statement of Internal Financial Control as part of the statutory accounts. The Code permits Scottish authorities to voluntarily adopt an annual review and the preparation of an Annual Governance Statement which is a statutory requirement in England and Wales.

	Question	Response	Comments / Feedback
3	Do you agree with the requirement for an annual review of internal control with a report on the review forming part of the annual statutory accounts?	Yes	
4	Do you agree that the requirement for an annual review and annual report should apply from the financial year 2013-14?	Yes	
5	Do you agree that this requirement should apply to all Scottish local authorities irrespective of size? If not please provide reasons.	Yes	
6	Any others comments?	No	

***Regulation 6: Accounting records and control systems***

Regulation 6(6) and 6(7) replace Regulation 3 of the Local Authority Accounts (Scotland) Regulations 1985. This places a responsibility on the proper officer (section 95 of the Local Government (Scotland) Act 1973) for the accounting control systems and records.

Regulation 6(1) to 6(5) place a new duty on the local authority as a corporate body to keep adequate accounting records. This requirement is reflective of the provisions contained in the Companies Act 2006 (section 386).

	Question	Response	Comments / Feedback
7	Do you agree that the Companies Act provisions have been suitably adapted for local government?	Yes	
8	Any other comments?	No	

***Regulation 7: Internal Audit***

This is a new requirement for a local authority to undertake an adequate and effective internal audit function.

	Question	Response	Comments / Feedback
9	Do you agree there should be a statutory requirement for internal audit?	Yes	
10	Do you agree that the requirement for internal audit should apply from the financial	Yes	

	year 2013-14?		
11	Do you agree that this requirement should apply to all Scottish local authorities irrespective of size? If not please provide reasons.	Yes	
12	Any other comments?	Yes	<ul style="list-style-type: none"> <li>• The Internal Audit service should be provided in compliance with the Public Sector Internal Audit Standards (replacing '<i>....recognised practices in relation to internal control</i>' at 7(1)).</li> <li>• The references to '<i>system of internal control</i>' should be replaced with '<i>arrangements for risk management, governance, and control.</i>'</li> <li>• At 7(2)(a) '<i>for the purpose of the audit</i>' should be replaced with '<i>for the purpose of Internal Audit's review of arrangements for risk management, governance, and control.</i>'</li> <li>• At 7(3), there needs to be a clearer link to the internal and external quality review requirements of PSIAS. In particular, it needs to be clearer whether the annual review referred to would be covered by Internal Audit's own 'Internal Assessment (PSIAS 1311), comprising ongoing monitoring and periodic self assessment by another person within the organisation with sufficient knowledge of internal audit practices. It is not clear how the PSIAS Internal Assessment and the annual review by external audit fit with the requirement at 7(3).</li> </ul>

### **PART 3: Published Accounts and Audit**

#### *Regulation 8: Statement of Accounts*

The adoption of the phrase 'Statement of Accounts' (see regulation 3 for Interpretation) in the regulations is to mirror the usage of this phase by the CIPFA/LASAAC Code of Practice on Local Authority Accounting.

Regulation 8(2) sets out the statements which must be included in the Statement of Accounts. This includes a Management Commentary. The CIPFA/LASAAC Code Board considered whether the Explanatory Foreword in the statutory accounts should be replaced with a Management Commentary in line with the UK Government's Financial Reporting Manual (FReM). The position taken by the Code Board is to encourage local authorities to prepare a report taking into consideration the FReM but not making it a requirement. The Code Board has indicated it is looking to the UK Government and the Devolved Administrations to provide direction. Including the requirement for a Management Commentary in the consultation draft of the regulations seeks to resolve this situation by providing Scottish local authorities with the opportunity to express their views.

Regulation 8(3)(e) introduces a new requirement to disclose details of any land disposed of at less than best consideration. This reflects a similar requirement for central government.

Regulation 8(5) and 8(6) sets out the proper officer's responsibilities to produce the statement of accounts by 30 June each year and to send these for audit. The regulations introduce a new requirement that the statement of accounts gives a true and fair view of the authority's (or group) financial position. These provisions replace regulation 4 of The Local Authority Accounts (Scotland) Regulations 1985.

Regulation 8(7) introduces a new requirement to publish the unaudited statement of accounts on the website of the authority.

	Question	Response	Comments / Feedback
13	Do you agree that the annual statutory accounts should be known as the Statement of Accounts?	Yes	The definition of Statement of Accounts is clearer.
14	Do you agree there should be a statutory requirement for a management commentary? If not why not? What alternative/s would you suggest?	Yes	
15	Do you agree the requirement to disclosure details of any land disposed at less than best consideration is suitably drafted?	Yes	
16	Do you agree that there should be a statutory requirement for the proper officer to ensure the statement of accounts gives a true and fair view of the local authority's (or group) financial position?	Yes	
17	Any other comments?	No	

***Regulation 9: Notice of public right to inspect and object to accounts***

This regulation replaces regulation 5 of The Local Authority Accounts (Scotland) Regulations 1985.

A key change made is to fix the date when the public notice is to be given, the date the inspection period commences, and the date until which objections may be made. The inspection period remains set at 15 working days.

	Question	Response	Comments / Feedback
18	Do you agree that the date for the public notice, the period of inspection and the latest date for	Yes	Seems reasonable and probably a sensible idea to have uniformity in that all local authority accounts



	objections should be fixed? If not why not? What alternative would you suggest?		available for the same time period.
19	Any other comments?	Yes	No account has been taken of the interaction with the Freedom of Information legislation, which also gives the public the opportunity to access the records of Councils.
<p><b>Regulation 10: Signing and consideration of audited accounts</b>  This new regulation replaces regulation 6(1) of The Local Authority Accounts (Scotland) Regulations 1985, which requires the audited accounts to be laid before a meeting of the local authority held not later than two months after receipt of the audit certificate.</p> <p>Regulation 10 of the new regulations requires the local authority, or a committee of the authority whose remit includes audit or governance, to formally meet to consider approval of the statement of accounts. This must be by 30 September. The stakeholder working group considered whether this should be an approval process or if the authority should be required to accept the statement of accounts for governance purposes. The regulations require approval as this has a natural meaning and is unambiguous. The regulation sets out which statements must be signed and dated and by whom. The proper officer is re-certify the statement of responsibilities and the balance sheet(s) of the statement of accounts.</p>			
	Question	Response	Comments / Feedback
20	Do you agree that the new requirement for the accounts to be approved should apply from the financial year 2013-14? If not please provide reasons.	Yes	
21	Any other comments?	Yes	Although we agree with the new regulations, it will mean that in practice the audit process will require to be concluded by the end of August to allow sufficient time for the ISA 260 report to be prepared, accounts to be printed and allowance made for internal deadlines for receipt of committee reports. Is this practical?
<p><b>Regulation 11: Publication of the audited statement of accounts</b>  This regulation replaces regulations 6(2) and 7 of The Local Authority Accounts (Scotland) Regulations 1985.  The new regulation fixes the date – 31 October – by which the audited accounts must be published.  There is a requirement to publish the statement of accounts, the audit certificate and also a copy of any related report. This should include the Annual Audit Report of the appointed auditor.  A copy of the audited statement of accounts is to be made available on the website of the local authority for a minimum period of 5 years. Copies must be available for purchase for the same period. It is not intended that published copies need to be held for purchase just that the authority has the ability to produce a copy if requested. It is anticipated that holding an electronic PDF would satisfy this requirement.</p>			
22	Do you agree with the revised publication requirements? If not please provide reasons.	Yes	
23	Any other comments?	No	

**SCHEDULE Content of Remuneration Report**

References to police and fire have been removed from the regulations. The consultation draft regulations do not make any further changes to the requirement for a Remuneration Report as currently set out in the 1985 Regulations.

The consultation undertaken in 2010 included a proposal for the remuneration report to disclose the value of the cash equivalent transfer value of a person's pension right. In light of consultation responses at that time, in particular feedback that imminent tax changes should be considered, Scottish Ministers did not make this disclosure a requirement in the amending regulations laid before the Scottish Parliament.

The disclosure of cash equivalent transfer values continues to be a requirement for both central government and the private sector. This has not changed in light of tax changes to pensions. We therefore propose to make it a requirement that local authorities should make this additional disclosure.

	Question	Response	Comments / Feedback
25	Do you agree that the cash equivalent transfer value of a person's pension should be disclosed?	Yes	Wouldn't cause any potential disclosure issues considering what is already disclosed in the Report.
26	Do you agree that the cash equivalent transfer value of both officers and council members should be disclosed?	Yes	
27	Are there any other changes which need to be made to the remuneration report requirements? If yes please provide details of the changes you would propose	No	

**OTHER QUESTIONS – Items not in the regulations**

The new regulations require the approval of the annual governance statement and the statutory accounts themselves by either the local authority or a committee whose remit includes audit or governance functions. The stakeholder group convened to review the 1985 Regulations agreed that an audit committee represented best practice and wished to seek, through a consultation, whether this should be made a statutory requirement. This section provides the opportunity to comment on this proposal and more generally on the Accounts and Audit provisions in the on Local Government (Scotland) Act 1973 (sections 96-104), and the Regulations (made under section 105 of the 1973 Act).

	Question	Response	Comments / Feedback
28	Do you agree that there should not be a statutory requirement for a local authority to have an Audit Committee? If yes please provide details of what roles and responsibilities you believe this committee should have.	No	
29	Any other changes to either the primary or secondary legislation you consider should be made? Please provide details of any changes, including reasons why you consider that change is required.	No	

FALKIRK COUNCIL

**Subject: INTERNAL AUDIT PROGRESS REPORT**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: INTERNAL AUDIT MANAGER**

**1. INTRODUCTION**

- 1.1 The purpose of this paper is to update Members on progress with completing the agreed 2013/14 Internal Audit Plan (the Plan), as presented to Audit Committee on 25 March 2013.

**2. AUDIT PROGRESS**

- 2.1 Progress with completing 2013/14 Internal Audit work is summarised in the table below.

Status	Number	%
Final Reports Issued	6	24%
Draft Reports Issued	1	4%
In Progress	7	28%
Not Started	11	44%
<b>Total</b>	<b>25</b>	<b>100%</b>

- 2.2 In short, progress is as anticipated and no significant adjustments have been made. **Appendix 1** lists each planned review and current status, along with the assurance level provided (see **Appendix 2** for definitions) for those completed to draft or final report stage.
- 2.3 Key findings arising from those reports completed to final report stage are set out at **Appendix 3**.

**3. INTERNAL AUDIT PERFORMANCE**

- 3.1 Internal Audit continues to monitor its performance against a set of 5 Key Performance Indicators. The table overleaf sets out performance to date.

Key Performance Indicator	2013/14 - to date	2012/13	2011/12
Complete <b>85%</b> of main audit programme	<b>28%</b>	100%	100%
Have <b>90%</b> of recommendations accepted	<b>100%</b>	99%	99%
Spend <b>75%</b> of time on direct audit work	<b>73%</b>	78%	77%
Issue <b>75%</b> of draft reports within 3 weeks of completion of fieldwork	<b>100%</b>	96%	82%
Complete (to issue of final report) <b>75%</b> of main audits within budget	<b>83%</b>	87%	82%

- 3.2 Although it is relatively early in the year, performance against each of the 5 indicators is broadly as expected.
- 3.3 In my Annual Assurance Report, presented at the June 2013 meeting of the Committee, I confirmed that Falkirk Council Internal Audit Section would adopt the national balanced scorecard indicators being developed by the Scottish Local Authority Chief Internal Auditors' Group (SLACIAG). SLACIAG members have agreed to pilot the balanced scorecard during 2013/14 with a view to full adoption during 2014/15.
- 3.4 For information, I have set out, at **Appendix 4**, the agreed indicators and our current position against each.

#### 4. RECOMMENDATIONS

##### 4.1 Members are invited to note that:

4.1.1 Good progress is being made with planned Internal Audit work;

4.1.2 performance against KPIs is as reported at paragraph 3.1; and

4.1.3 Internal Audit have adopted the nationally agreed balanced scorecard, with current performance as per Appendix 4.

.....

Internal Audit Manager

Date: 13 September 2013

## 2013/14 INTERNAL AUDIT PLAN – PROGRESS AT SEPTEMBER 2013

No.	Service/Status	Audit	Level of Assurance
<b><i>Final Reports Issued</i></b>			
1.	Corporate and Neighbourhood	Fleet Management – Operator's Licence Requirements	Substantial
2.	Finance	Debtors	Substantial
3.	Governance	Records Management	Substantial
4.	Social Work	Clients' Funds / Intermediary Accounts	Limited
5.	All Services	Statutory Performance Indicator Verification	Substantial
6.	Social Work	Cash Spot Checks	Substantial
<b><i>Draft Reports Issued</i></b>			
7.	Corporate and Neighbourhood / Finance	Chip and Pin and Paye.Net	Substantial
<b><i>Audits In Progress</i></b>			
8.	All Services	Corporate Purchasing and Contract Management	N/A
9.	Development / Finance	Strategic Projects	N/A
10.	All Services	Data and Information Security – Governance and Practice	N/A
11.	Finance	General Services Capital Programme	N/A
12.	All Services	National Fraud Initiative	N/A
13.	All Services	Continuous Auditing	N/A
14.	All Services	Serious Organised Crime	N/A
<b><i>Audits Not Started</i></b>			
15.	All Services	Welfare Reform	N/A
16.	Education	Education Services – Financial Governance and Management	N/A
17.	All Services	Business Continuity Planning	N/A
18.	All Services	Premises Managers' Handbook Compliance	N/A
19.	Social Work	Self Directed Support	N/A
20.	Development	Falkirk Townscape Heritage Initiative	N/A

## Appendix 1

No.	Service/Status	Audit	Level of Assurance
21.	Finance	Corporate Fraud	N/A
22.	All Services	Site Key Control Testing	N/A
23.	TBC	Reciprocal Review with West Lothian Council	N/A
24.	Internal Audit	Income Generation	N/A
25.	Falkirk Community Trust	To be agreed with Trust Board	N/A

## DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
<b>Comprehensive assurance</b>	Sound risk, control, and governance systems are in place. These should be effective in mitigating risks to the achievement of objectives. Some improvements in a few, relatively minor, areas may be required.
<b>Substantial assurance</b>	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.
<b>Limited assurance</b>	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.
<b>No assurance</b>	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.

## FINAL REPORTS ISSUED – SUMMARY OF KEY FINDINGS 2013/14

No	Audit Area and Service	Assurance and Key Findings
1.	<p>Fleet Management – Operator's Licence Requirements</p> <p>Corporate and Neighbourhood</p>	<p><b>Substantial Assurance</b></p> <p>Covered arrangements for ensuring compliance with the conditions attached to the Standard National Goods Vehicle Operator's Licence granted to Falkirk Council in August 1995.</p> <p>In general, adequate arrangements were in place. A robust vehicle servicing and maintenance programme has been developed, with all vehicles covered by the Licence subject to regular inspection.</p> <p>We did, however, note scope for improving: training for drivers, Service Transport Officers and line managers; risk management; first use vehicle checks; line manager sample checking; driver infringement reports; and management information.</p>
2.	<p>Debtors</p> <p>Finance</p>	<p><b>Substantial Assurance</b></p> <p>Covered controls over the identification, input, and authorisation of debtor information on Integra; arrangements for recording payments; debt management, arrears, and write-offs; reconciliations; and management information.</p> <p>Sound systems of control were in place, with clear roles, responsibilities, and guidance. There was some scope for further improving system access and administration; authorised signatory lists; debt-write off and recovery arrangements; and performance information.</p>
3.	<p>Records Management</p> <p>Governance</p>	<p><b>Substantial Assurance</b></p> <p>Covered arrangements for ensuring an effective records management function, focussing on compliance with the Public Records (Scotland) Act 2011.</p> <p>We found that work in relation to the six compulsory elements of the Act was substantively complete, with work planned to address any remaining outstanding areas. Of the remaining eight, non-compulsory, elements, we noted that there were several where improvements are planned or in progress.</p> <p>In overall terms, however, we found that the Records Management Plan submitted to the Keeper of the Records of Scotland complied, in general terms, with the requirements of the Act.</p>



No	Audit Area and Service	Assurance and Key Findings
4.	Clients' Funds / Intermediary Accounts  Social Work	<p><b>Limited Assurance</b></p> <p>Covered policies, procedures, and guidance; financial and operational controls; the security and retention of clients' funds records; and the production of management information. Internal Audit visited Brockville, Camelon, and Grangemouth Area Offices to review local arrangements.</p> <p>While we noted that operational guidance had recently been updated and that training had taken place, there remained a number of weaknesses.</p> <p>In particular, we made recommendations in relation to criteria for appointeeship; the application of segregation of duties; management checks; reconciliations and record keeping; reviewing account balances; and management information.</p>
5.	Statutory Performance Indicator Verification  All Services	<p><b>Substantial Assurance</b></p> <p>Reported on Internal Audit's role in collecting and validating SPI returns prepared by Services. For each of the SPIs falling within our remit, we found that the information gathered for publication was accurate and complete.</p>
6.	Cash Spot Checks  Social Work	<p><b>Substantial Assurance</b></p> <p>We reviewed procedures for the receipt, recording, and reconciliation of cash (imprest, donations, and client funds) at Torwoodhall and Grahamston House Care Homes, and at Caledonia Clubhouse.</p> <p>While arrangements were generally sound, we made a number of recommendations relating to security and record keeping.</p>

## INTERNAL AUDIT BALANCED SCORECARD

Objective	Measure	Target	Initiative	Falkirk Council IA Performance	Supporting Information
Audit Committee					
To maintain our understanding of key stakeholders.	Number of meetings with AC Chair.	One per quarter.	Propagate best practice to AC members.	COMPLIANT	Formal meetings held prior to each Audit Committee.
To continue to align our work to key corporate risks.	%age corporate risks audited in a reporting period.	Audit planning approach uses a risk based methodology.	Ensure that Annual IA Plan identifies the risks which will be audited and which assurance will be provided on.	PARTIALLY COMPLIANT	Risk Registers considered when preparing IA Plan.
	Compliance with our IA Charter			PARTIALLY COMPLIANT	Dependent on development of corporate risk management arrangements. IA Strategy in place. This will be replaced with a PSIAS compliant Charter during 2013/14.
Management / Customers					
To be the provider of choice of IA Services.	Involvement of IA staff in major change initiatives.	Set as part of IA Charter.	Incorporate into regular meetings with Chief Officers.	COMPLIANT	IA are involved with, or consulted on, all major change initiatives.
To maintain strong relationships with Departments and Chief Officers.	%age high satisfaction rates from Client surveys.	Planned quarterly meetings with Chief Officers – particularly if there is on-going work in the quarter.		NOT COMPLIANT	IA do not routinely issue CSQs. Annual CSQs were issued to Directors in April 2012. This exercise may be repeated during 2013/14.
	Number of meetings held with CEX and Chief Officers.			COMPLIANT	IA meet with CEX and Chief Officers as and when required.
Internal Audit Process					
To adopt an effective follow up process.	%age points followed up on.	100% follow up.		COMPLIANT	IA seek updates from Services and report on outstanding recommendations to CMT and Audit Committee.
To promote the highest professional and ethical standards.	%age adoption of PSIAS across SLACIAG.	100% compliance.	Recognising PSIAS as the key code of practice for IA.	PARTIALLY COMPLIANT	IA will work towards full compliance with PSIAS.
To maintain the highest quality and content in our IA reports	%age customer satisfaction with audit reports.	100% compliance.	Survey end users on effectiveness of reporting.	COMPLIANT	Workshops held in February 2013 with DMT's confirmed broad satisfaction with style, format, and structure.
Innovation / Capabilities					
To have a high quality staff complement (capability and training).	%age qualified staff.	All staff to have minimum professional qualifications with recognised professional bodies.	Competence matrix for each grade of staff.	COMPLIANT	All Falkirk Council IA staff are professionally qualified.
	Staff compliance with CPD.		Personal development plans for staff, based on career progression and business needs.	COMPLIANT	IA Section is CIIA CPD Accredited. Finance Services is CIPFA CPD Accredited. Development discussed as part of APDS process.
	Training hours per year per auditor (grade).		Review training needs based on personal development plans.	COMPLIANT	As above.

FALKIRK COUNCIL

**Subject: INTERNAL AUDIT - RECOMMENDATIONS  
OUTSTANDING**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: INTERNAL AUDIT MANAGER**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to provide an update to Members on recommendations made by Internal Audit which remain outstanding.

**2. RECOMMENDATIONS OUTSTANDING**

- 2.1 Reports on Recommendations Outstanding have previously been provided to the following meetings of the Audit Committee:

- 29 October 2012; and
- 25 March 2013.

- 2.2 Since the March 2013 meeting various updates have been received from Services (reducing the number of recommendations outstanding) and a number of final reports have been issued (with the opposite effect).

- 2.3 The following table summarises the current position in comparison to previous reports to Committee:

	Recommendations Outstanding		
	Total	Action Date Yet to Lapse	Action Date Lapsed
29 October 2012	127	5	122
25 March 2013	84	22	62
<b>23 September 2013</b>	109	50	59

- 2.4 The key figures in the above table are those in the 'Action Date Lapsed' column. While there remain **59** recommendations outstanding beyond their original agreed implementation date, it is pleasing to note that this is a reduction on the figures as at March 2013 and October 2012.

- 2.5 In addition, for the majority of those **59** recommendations, Services have provided an update on progress and a commitment to full implementation within a revised timescale.
- 2.6 For information, I have set out all **109** current outstanding recommendations at **Appendix 1**, sorted by agreed 'Target Implementation Date'. These cut across **29** individual audits and all Services.
- 2.7 Should Members be agreeable, it would be my intention to provide a further report on recommendations outstanding to the March 2014 meeting of the Audit Committee.

### **3. RECOMMENDATIONS**

#### **3.1 Members are invited to:**

- 3.1.1 note the report on recommendations outstanding;**
- 3.1.2 seek assurances from Chief Officers that recommendations will continue to be implemented, or the risk of not implementing formally accepted; and**
- 3.1.3 note that a further report will be presented to the March 2014 meeting of Committee.**

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**Internal Audit Manager**

**Date: 13 September 2013**

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
1.	30 June 2009	Education	Supply Teacher Provision	Limited	A comprehensive performance evaluation and reporting framework should be developed as a matter of priority.	Performance evaluation and reporting will be considered by the Employee Resources Adviser.  <b>11 March 2013 - Update</b> Performance of Supply Teacher system is being developed.	Educational Resources Manager	Education
2.	30 September 2009	Social Work	SWIS	Limited	A System Security Statement should be prepared.  This should include system architecture documentation.	A System Security Statement, based on Annex 3 of the Internal Audit report, will be produced for SWIS.  <b>04 March 2013 - Update</b> Significantly improved system documentation is now in place. In February 2013 the SWIS Management Board confirmed security as its first priority. System Security Statement to be in place within 6 months.  <b>10 September 2013 – Update</b> Review of system security delayed due to delays with completion of new multiple worker functionality and consequent impact on data quality. However, we aim to undertake the review of security with ICT by end of this year.	Senior Information / IT Co-Ordinator	Social Work
3.	30 September 2009	Social Work	SWIS	Limited	Audit log functionality should be reviewed.	The Service Manager, Performance Management, will identify Social Work service priority areas for monitoring screen uses and then request ICT to provide a report with advice and guidance on possible options.  <b>04 September 2013 - Update</b> Audit functionality is currently being progressed. the draft audit process has been built into SWIS and is awaiting testing by Social Work.  <b>10 September 2013 – Update</b> This will be carried out as part of the review of security. This will be complete by the end of the year.	Service Manager, Performance Management  ICT Project Leader	Social Work / Corporate and Neighbourhood
4.	31 October 2009	Education	Supply Teacher Provision	Limited	Consideration should be given to identifying the most efficient and effective method of assessing and reporting on supply teacher performance.  The resulting policy and guidance should be rolled out and communicated to all relevant staff.	This will be considered within the context of NGT18.  <b>11 March 2013 - Update</b> Performance of Supply Teacher system is being developed	Educational Resources Manager	Education

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5.	31 December 2010	Governance	Falkirk Printworks	Substantial	A corporate printing and copying policy should be established.	This is part of the remit of the MFD Working Group.  <b>08 July 2013 - Update</b> This is now being taken forward as part of the new MFD contract.	Customer & Development Manager / Printworks Manager	Governance
6.	31 March 2011	Education	Community Learning and Development Arrangements	Substantial	The Service should adopt the Council's Achievement and Personal Development Scheme for all staff and volunteers, with available resources aligned to identified training and development needs.	CES will adopt, and ensure the implementation of, the APDS scheme for appropriate staff.  <b>11 March 2013 - Update</b> There has been a phased approach to the implementation of APDS. CLD Manager and Principal Officers are working through it with a view to rolling it out across the Service in the coming year	CLD Manager	Education
7.	31 March 2011	Social Work	Direct Payment Arrangements	Substantial	Legal Services should review all outstanding policies as a matter of priority. Once approved, these should be disseminated to relevant staff and clients, with training provided if required.	Draft policy documents have been passed to Legal Services to be examined, amended where necessary, and published when approved.	Chief Governance Officer	Governance
8.	30 April 2011	Development	IT Contract Management Arrangements	Not Applicable	Business Development, in conjunction with Corporate and Neighbourhood Services ICT, should collate a comprehensive inventory of Development Services systems and applications.	Our current list of systems is quite comprehensive but some work would be needed to identify names or numbers of users for every system and information from ICT is required on software licences / media held by them on Development Services behalf.  ICT have confirmed they would be happy to co-operate and would also update their inventory of Development Services applications / systems as required.  <b>21 June 2013 - Update</b> Partially implemented, revised target date of June 2013.	Business Development Manager	Development

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9.	29 July 2011	Social Work	Budgetary and Financial Control Arrangements	Limited	The planned review of Day Care provision should include identifying existing contracts (and the need to re-tender) and gaps where no contract exists.	<p>The Day Care review has produced an interim report that makes a number of recommendations. The report will be presented to the Acting Director of Social Work Services for approval. The recommendations will then be taken forward by the Service Manager – Older People.</p> <p><b>01 August 2012 - Update</b> The Service Managers for Older People and Contracts and Commissioning are currently meeting to progress the existing contracts and tender arrangements. Progress will be reviewed in October 2012.</p> <p><b>10 September 2013 – Update</b> Progress has been limited with staff resourcing issues. Work planned for Autumn 2013 to review all current purchasing and to develop a commissioning plan.</p>	Service Manager Older People / Service Manager Contracts and Commissioning	Social Work
10.	01 September 2011	Finance	Integra System Management and Security	Substantial	<p>Further consideration should be given to the need for an off-site contingency server.</p> <p>A formal Business Continuity Plan should be prepared and periodically tested.</p>	<p>Discussions currently taking place with ICT and detailed costs awaited.</p> <p>A formal business continuity plan to be produced.</p> <p><b>28 August 2013 - Update</b> An off-site contingency server has been purchased and we are currently discussing with Capita and ICT the responsibilities for installation. Capita will issue a quotation for their services when agreed and action plan and implementation date will be finalised.</p>	Depute Chief Finance Officer (Corporate Finance)	Finance

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11.	31 December 2011	Development	Building Design: Disability Discrimination and Equality Act Arrangements	Substantial	A Service Level Agreement (or equivalent) should be put in place between BDU and the client for the delivery of a design, supervisory, and contract management service.	<p>There is a revised, finalised SLA in place with Corporate and Neighbourhood Services (Housing client) awaiting sign off, and an SLA is in draft development with the emerging Community Trust. The model SLA being developed with the Trust will be utilised as the template for roll out over the course of 2011 to other Services. The SLA defines the scope of services to be provided, and will cover aspects of design, supervision, contract management and various other service obligations.</p> <p><b>21 June 2013 - Update</b> SLAs have been agreed with the Community Trust and with Corporate and Neighbourhood Services. Work is ongoing with Education Services. SLA with Social Work still to be done, and expected to follow model established with Education.</p>	Building Design Manager	Development
12.	01 March 2012	All Services	Corporate Data Security Transfer	Limited	CMT should confirm governance and accountability structures and arrangements in relation to corporate information security management.	<p>It would be desirable to have an Information Security Officer post with responsibility for managing the Information Security Policy and for monitoring the implementation of that Policy, as well as ownership of DPA / FoI / data sharing arrangements, and links into records management, wider building and personnel security, and corporate risk management.</p> <p>A number of years ago, CMT gave approval for an Information Security and Data Protection post to be established. It is agreed that responsibility for this area of work needs to be confirmed, and it is proposed that this is discussed by CMT again in light of this audit, but within the context of current financial circumstances.</p> <p>If a new post is required, then this should be split / paid for by all Services. A Job Description has been prepared.</p> <p><b>05 October 2012 - Update</b> The Data Protection / Information Security Officer Job Description is in the process of being reviewed, with a view to its issue to CMT prior to the end of October.</p>	Corporate Management Team	All Services



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13.	01 March 2012	All Services	Corporate Data Security Transfer	Limited	The exercise to update Services' Data Handling Registers should be completed, within a timescale agreed by CMT.	All Services to review, and ICT Strategy Group to oversee and monitor.  <b>04 September 2013 - Update</b> This will be considered by the Improvement Governance Board once the IT Strategy has been approved.	All Services	All Services
14.	31 March 2012	All Services	Corporate Data Security Transfer	Limited	In relation to the Forth Valley Information Sharing Protocol:  • a central point of contact, responsible for collating and ensuring the consistency and quality of guidance procedures, should be established; and • separate guidance procedures for data transfers between the Council and external organisations not covered by the Protocol should be established.	Information Security post, when established, to co-ordinate, and to feed into the new Scottish Accord for Sharing of Personal Information as appropriate.  <b>04 September 2013 - Update</b> This is being progressed by Governance.	TBC	Corporate and Neighbourhood
15.	31 March 2012	Corporate and Neighbourhood	IT Contract Management Arrangements	Substantial	A formal System Security Statement should be established and maintained for Integra, IHMS, and Covalent.	All Contract Monitoring Officers will be required to put in place a formal System Security Statement.  <b>04 September 2013 - Update</b> In place for Integra, in progress for IHMS and Covalent.	System Owners / Contract Monitoring Officers	Corporate and Neighbourhood / All Services
16.	31 March 2012	Corporate and Neighbourhood	IT Contract Management Arrangements	Substantial	An Access Control Policy should be established and maintained for Integra, IHMS, and Covalent.	All Contract Monitoring Officers will be required to put in place a formal Access Control Policy.  <b>04 September 2013 – Update</b> In place for Integra.  IHMS has an access control procedure managed by the IHMS administration team. Details of access rights are recorded on a database maintained by the administration team. Access rights require to be agreed and approved by the responsible manager.  In progress for Covalent.	System Owners / Contract Monitoring Officers	Corporate and Neighbourhood / All Services
17.	31 March 2012	Development	IT Contract Management Arrangements	Not Applicable	Business Development and Corporate and Neighbourhood Services ICT should review and formalise their respective responsibilities to ensure compliance with the Council's Information Security Policy Statement.	Agreed that an SLA would be beneficial. ICT have confirmed they would be happy to co-operate with this.  <b>21 June 2013 – Update</b> No SLA has been developed. This will be re-visited when the corporate ICT Strategy is available	Business Development Manager	Development

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18.	31 March 2012	Governance	Falkirk Printworks	Substantial	Formal contracts should be put in place with each external client.	<p>Framework agreement in place with Clackmannanshire Council.</p> <p>In respect of the NHS, further discussion is required at a senior level.</p> <p><b>08 July 2013 – Update</b> Advice has been sought from Procurement Team in relation to how this should be progressed as difficulty has been experienced with formalising the position. A Printworks Manager will also be appointed shortly to take this forward.</p> <p><b>30 July 2013 – Update</b> Formal framework agreements are in place with Clacks and Stirling Councils and Falkirk Community Trust (now an external client covered by its own SLA). NHS Forth Valley is the only other major, external client not covered by a formal agreement, however, dialogue has been opened in an effort to formalise the existing relationship. A list of all external customers and their sales figures for last year will also be reviewed shortly to identify any other organisations which need to be approached.</p>	<p>Printworks Manager</p> <p>Printworks Manager / Customer &amp; Development Manager</p>	Governance
19.	01 April 2012	All Services	Corporate Data Security Transfer	Limited	Service Managers should liaise with their ICT Customer Contact to confirm that all mobile devices are adequately protected (encrypted and virus protected).	<p>Guidance and advice has been, and continues to be, provided by ICT. Mobile phone guidance and simplified AUP and ISP guidance will be considered by ICT Strategy Group in April 2012.</p> <p><b>21 June 2013 – Update</b> Development Services issued guidance to staff in 2011 and continue to do so as part of the induction process.</p> <p><b>10 September 2013 – Update</b> Completed for Social Work Services.</p>	All Services	All Services

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20.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	EFU should formally review and, if necessary, update the 'Information for Officers' guidance, taking account of recommendations made in this report.	<p>Amend guidance and communicate to all Services to ensure consistency in monitoring practice, including:</p> <ul style="list-style-type: none"> <li>• clarity on Service responsibilities and available support;</li> <li>• FPP process, eg performance outcomes, financial management;</li> <li>• standards and timetable for reporting to Members;</li> <li>• monitoring checklist for MOs;</li> <li>• FAQ on Intranet for MOs; and</li> <li>• guidance for external organisations on monitoring obligations.</li> </ul> <p>Report to CMT on Service compliance with FPP.</p> <p><b>04 September 2013 – Update</b> Actions have been addressed with the exception of report to CMT on Service compliance. Additional guidance is under development following the amended governance structure which has resulted in changes to reporting mechanisms, timings, and format.</p>	<p>EFU</p> <p>EFU</p>	Corporate and Neighbourhood
21.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	EFU should include core competencies expected of MOs within the 'Information for Officers' guidance.	<p>Develop guidance regarding separate monitoring duties into strategic and operational functions.</p> <p>Services to amend current monitoring structures, where appropriate.</p> <p>Review organisations by service type to assess any appropriate grouping re-design of service.</p> <p><b>04 September 2013 – Update</b> Existing guidance needs to be further developed to provide greater clarity on the roles expected of Officers within the monitoring process. Service compliance with these aspects will be included within a future report to CMT. Limited service and monitoring re-design has taken place within Abuse related services and Children's Services.</p>	<p>EFU</p> <p>All Services</p> <p>All Services</p>	Corporate and Neighbourhood / All Services

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22.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	A JWA should be established for all funded organisations for 2011/12, as a matter of priority.	<p>Outstanding JWAs to be put in place as a matter of urgency.</p> <p>Review JWA template to incorporate guidance for MO in setting outcomes.</p> <p>Incorporate monitoring return into JWA to ensure that progress towards outcomes is monitored on a regular basis.</p> <p>Provide training and guidance to Officers on using outcomes and evaluating progress.</p> <p><b>05 October 2012 – Update</b> Outstanding JWAs have still to be put in place and training and guidance provided to Officers on using outcomes and evaluating progress.</p> <p><b>04 March 2013 – Update</b> SW Children and Families now have JWAs in place with all but three funded bodies.</p> <p><b>04 September 2013</b> JWAs are refreshed on an annual basis. Further training and guidance for Monitoring Officers to be developed and delivered following changes in governance and reporting structure.</p>	<p>All Services</p> <p>EFU</p> <p>EFU</p> <p>EFU</p>	Corporate and Neighbourhood / All Services
23.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	MOs should perform an annual financial assessment prior to agreeing funding. This should include review of reserves held.	<p>Amend risk and financial assessment templates to include assessment of risk on level of funding provided. Merge into single document.</p> <p>Clarify and formalise Finance Services' role within financial assessment and monitoring process.</p> <p>Provide guidance and training on financial assessment and monitoring.</p> <p>Produce guidance for MOs and external organisations on reserves.</p> <p><b>05 October 2012 – Update</b> Guidance has still to be developed for external organisations on reserves. In addition, guidance and training has still to be provided on financial assessment and monitoring.</p> <p><b>04 September 2013 – Update</b> To be progressed.</p>	<p>EFU</p> <p>EFU / Finance Services</p> <p>Finance Services</p> <p>EFU / Finance Services</p>	Corporate and Neighbourhood / Finance

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24.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	<p>Prior to releasing funds, MOs should confirm to management that monitoring has been undertaken and that JWA terms are being met (through completion of the checklist, which should include the financial information to be collected).</p> <p>Consideration should be given to requiring Head of Service approval prior to the release of funding.</p>	<p>Develop guidance regarding separate monitoring duties into strategic and operational functions.</p> <p>Ensure JWAs are signed by Chief Officers, which will provide approval for monitoring arrangements and payment schedule.</p> <p><b>05 October 2012 – Update</b> Both actions are still a work in progress.</p> <p><b>04 March 2013 – Update</b> All SW Children and Families and Criminal Justice JWAs are now signed off by the Head of Service.</p> <p><b>04 September 2013 – Update</b> Actions are ongoing.</p>	<p>EFU</p> <p>All Services</p>	Corporate and Neighbourhood / All Services
25.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	<p>When renewing JWAs, consideration should be given to making funding payments in arrears.</p>	<p>Produce guidance for MOs and external organisations on the consideration of reserves.</p> <p>Ensure that JWAs are signed by Chief Officers, which will provide approval for monitoring arrangements and payment schedule.</p> <p><b>04 September 2013 – Update</b> Actions are ongoing.</p>	<p>EFU / Finance Services</p> <p>All Services</p>	Corporate and Neighbourhood / Finance / All Services
26.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	<p>Detailed consideration should be given to the shape, size, and purpose of the MO role.</p>	<p>Develop guidance on separating monitoring duties into strategic and operational functions.</p> <p>Services to amend current monitoring procedures, where appropriate.</p> <p>Review organisations by category and consider any grouping for monitoring purposes.</p> <p><b>04 September 2013 – Update</b> Action 1 remains outstanding. Actions 2 and 3 are ongoing.</p>	<p>EFU</p> <p>All Services</p> <p>Funding Review Group</p>	Corporate and Neighbourhood / All Services

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27.	30 April 2012	Corporate and Neighbourhood	Following The Public Pound	Limited	EFU should consider preparing guidance for MOs and external organisations, in relation to measuring best value and assessing the impact per £1 of funding / return on investment.	Investigate possible methods of measuring return on investment.  Develop guidance and training for MOs and external organisations, as appropriate.  <b>04 September 2013 – Update</b> Action outstanding at a Corporate level, however some Monitoring Officers have adopted methods of measuring return on investment based on individual organisations.	EFU  EFU	Corporate and Neighbourhood
28.	30 April 2012	Corporate and Neighbourhood	Severance Arrangements	Substantial / Limited	Consideration should be given to how actual savings are routinely monitored and included in management information.	Service Accountants will submit to Services, on a quarterly basis, a list of all individuals who have left under voluntary severance, with a note of the proposed savings / costs and any other relevant details such as replacement at a lower grade. Service Directors will then prepare a report noting the actual savings / costs against each individual.  <b>04 March 2013 – Update</b> System functionality to allow Services to run their own reports is being explored.	Service Accountants and Service Directors	Finance / All Services
29.	30 April 2012	Social Work	Non-Residential Social Care Services Charging Policy	Not Applicable	Service users should be asked to confirm their income levels on an annual basis, with all change details submitted to Community Advice Services for reassessment of the user's affordability and service charge.	An annual review of service users' financial circumstances will be undertaken in April each year.  <b>10 September 2013 – Update</b> Discussions are ongoing with ICT to develop an electronic process to allow assessment forms to be scanned and assessed on an automated basis.	Community Advice Service Team Leader  Customer Services Manager	Social Work
30.	31 July 2012	Development	Roads Maintenance Arrangements	Substantial	Roads Section management should formally establish a policy on the completion of service inspections, which fits with Falkirk Council's approach to asset management planning. This should be included in the next review of the RAMP.	It is not deemed necessary to undertake service inspections in addition to the current safety inspections. This policy will be included in the next review of the RAMP.  <b>19 August 2013 – Update</b> Presentation of the RAMP to Council was postponed awaiting direction from SCOTS on the format of the document. Target Completion Date is now December 2013.	Asset Management Officer	Development

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31.	31 July 2012	Development	Roads Maintenance Arrangements	Substantial	Roads Section management should re-establish the purpose of the various customer satisfaction surveys, and review the questionnaires accordingly. Results should link directly into monthly performance information.	<p>Feedback will be used to develop improved performance.</p> <p>Area Roads Officers will undertake customer satisfaction surveys as part of issue of programmed works as per Quality Process RDP014.</p> <p><b>19 August 2013 – Update</b> Some progress has been made with gathering information from customers, however, further progress is required. There has been some discussions nationally on the use of a common customer satisfaction survey to aid in benchmarking work and to highlight common problems across Scotland. Target completion date is now December 2013.</p>	Area Roads Officers	Development
32.	31 July 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	<p>A short life, cross-Service, working group should be set up to:</p> <ul style="list-style-type: none"> <li>• improve financial monitoring systems;</li> <li>• examine training requirements; and</li> <li>• consider the capability, functionality, configuration, and role of Profess.</li> </ul>	<p>Work on developing the reporting template for financial information will be developed and agreed by working group.</p> <p>Training needs will follow from development work as required.</p> <p>Configuration of Profess system information reporting will be undertaken if required, following the agreed financial reporting interface.</p> <p><b>21 June 2013 – Update</b> Monthly liaison meetings are held between Building Design and Education Services during which the Capital Monitoring Pro-forma is discussed.</p> <p><b>05 July 2013 – Update</b> Education Services are developing a new template which can be used by Development Services to report the monthly expenditure / financial information. Work will be needed to develop, extract, and align the information extracted from the Profess system to meet the new reporting requirements. This work will be completed by 19 August 2013.</p>	Property Manager, Design Co-Ordinator, and Capital Manager	Education / Development / Finance

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33.	31 July 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	Development Services and Capital Section should ensure that Education Services are provided with regular internal and external fees data (covering amounts paid and anticipated), clearly showing variations from initial budget.	<p>Reporting template for financial information will be developed and agreed by working group.</p> <p>Training needs will follow from development work as required.</p> <p>Configuration of Profess system information reporting will be undertaken if required, following the agreed financial reporting interface.</p> <p><b>21 June 2013 – Update</b> Building Design send fee information to Finance on a quarterly basis. This can be provided to Education Services if required.</p> <p><b>05 July 2013 – Update</b> Education Services are developing a new template which can be used by Development Services to report the monthly expenditure / financial information. Work will be needed to develop, extract, and align the information extracted from the Profess system to meet the new reporting requirements. This work will be completed by 19 August 2013.</p>	Property Manager, Design Co-Ordinator, and Capital Manager	Education / Development / Finance
34.	31 July 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	A monthly cost control report should be introduced by Development Services Design Teams, including both actual and estimated potential costs. This could be either via Profess reconfiguration or a standard off-system template.	<p>Reporting template for financial information will be developed and agreed by working group.</p> <p>Training needs will follow from development work as required.</p> <p>Configuration of Profess system information reporting will be undertaken if required, following the agreed financial reporting interface.</p> <p><b>21 June 2013 – Update</b> Monthly liaison meetings are held between Building Design and Education Services during which the Capital Monitoring Pro-forma is discussed.</p> <p><b>05 July 2013 – Update</b> Education Services are developing a new template which can be used by Development Services to report the monthly expenditure / financial information. Work will be needed to develop, extract, and align the information extracted from the Profess system to meet the new reporting requirements. This work will be completed by 19 August 2013.</p>	Property Manager, Design Co-Ordinator, and Capital Manager	Education / Development / Finance



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35.	31 July 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	The issues relating to post-project evaluation should be addressed.	<p>A standardised template for undertaking post-project evaluations will be jointly developed and agreed as part of the SLA / Protocol.</p> <p>The SLA / Protocol will define what projects this should be undertaken for.</p> <p><b><u>21 June 2013 – Update</u></b> A draft SLA and protocol is currently the subject of discussion with Education Services. Part of this protocol is post-contract review.</p> <p><b><u>05 July 2013 – Update</u></b> A standardised template for undertaking post project evaluations is being developed for all major, high risk, and high profile projects. This will be aligned to the Core Facts Assessments used as part of our School Estate Management Plan. New PPE will be piloted on Rannoch Nursery in 2012 and St Bernadette's PS in 2013. Development Services will also prepare a customer / client satisfaction questionnaire that reviews overall project management / performance. This work will be completed by 31 December 2013.</p>	Building Design Manager, Design Co-Ordinator, Property Manager	Education / Development
36.	01 August 2012	All Services	Corporate Data Security Transfer	Limited	CMT should consider whether the application of a formal data classification scheme (for example, based on the Government Protective Marking Scheme) would be appropriate.	<p>Information Security post, when established, to offer guidance.</p> <p>In the meantime, Records Management will continue to implement and promote the Local Government Classification Scheme, and give consideration to the Government Protective Marking Scheme.</p>	Corporate Management Team	All Services
37.	31 August 2012	All Services	Premises Managers' Handbook Compliance	Limited	The issues identified during testing of compliance with Premises Managers' Handbook responsibilities should be addressed as a matter of priority.	<p>Chief Officers, via their Corporate Risk Management Group representatives, will put in place arrangements within their own Service to ensure that PMH responsibilities are fully completed and documented.</p> <p><b><u>11 March 2013 – Update</u></b> This will be confirmed upon completion of the 2013 Statement of Assurance process.</p>	Chief Officers / Service CRMG Reps / all Premises Managers	All Services

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38.	01 September 2012	Corporate and Neighbourhood	Procon System Management and Security	Substantial	A formal Business Continuity Plan should be prepared and periodically tested.	A formal Business Continuity Plan will be prepared and implemented for IHMS. This will be used as the basis for either a separate Procon BCP or as a joint system Plan.  Business Continuity Plan will be developed in conjunction with ICT.	Performance and Compliance Co-ordinator	Corporate and Neighbourhood
39.	30 September 2012	All Services	Premises Managers' Handbook Compliance	Limited	A letter confirming roles, responsibilities, and training opportunities should be issued to all nominated Premises Managers.	A letter will be prepared and issued to all Premises Managers in line with the recommendation.  <b>16 July 2013 – Update</b> Work has been undertaken to determine the split in responsibilities between the facilities team and the premises managers. A reporting format is being agreed with facilities for this purpose and the letter will be issued thereafter.	Organisational Development Manager	Corporate and Neighbourhood
40.	30 September 2012	Development	Roads Maintenance Arrangements	Substantial	All annual planned maintenance programme supporting documentation should be retained in line with the Council's Retention Policy.	All supporting documentation will be scanned and retained in line with the Council's Retention Policy.  <b>21 June 2013 – Update</b> Improvements have been made in retaining electronic copies of documents relating to the annual maintenance programme of works. For carriageway assets, all assessment documents are now scanned and hyperlinked to the Programme. Further work is required to ensure the same is done for footway assets.	Area Roads Engineers	Development
41.	31 December 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	The Design Protocol should be reviewed, to ensure that it is fit for purpose, and its mandatory use in projects over £500k (and high profile / risk projects) should be re-iterated to staff.	Both Services will work jointly to prepare a generic SLA which will include both the Design and Facilities team remits.  An appendix (protocol) will be agreed where Education Services have separate needs / requirements.  <b>21 June 2013 – Update</b> A draft SLA and protocol is currently the subject of discussion with Education Services. Part of this protocol is post-contract review.  <b>05 July 2013 – Update</b> Draft version of generic SLA has been produced and circulated for comment.	Head of Educational Planning and Resources, Head of Roads and Design	Education / Development

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42.	31 December 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	The SLA should be reviewed and amended to clearly articulate the roles and management information requirements of Education Services, Design Teams, and Facilities Management Section.	Both Services will work jointly to prepare a generic SLA which will include both the Design and Facilities team remits.  An appendix (protocol) will be agreed where Education Services have separate needs / requirements.  <b>21 June 2013 – Update</b> A draft SLA and protocol is currently the subject of discussion with Education Services. Part of this protocol is post-contract review.  <b>05 July 2013 – Update</b> Draft version of generic SLA has been produced and circulated for comment.	Head of Educational Planning and Resources, Head of Roads and Design	Education / Development
43.	31 December 2012	Education	Commissioning and Monitoring of Major School Improvement Projects	Limited	Education and Development Services should review the AI process. This should include clarifying when Education Services are to be notified and consulted on changes, and should be within an agreed financial threshold. The revised process should be reflected in the recommended revised SLA.	The reporting of AIs or contract variations will be developed and integrated into the new financial reporting framework for appropriate agreement.  The new SLA and protocols will clearly state when such contract variations need to be individually reported to Education Services for approval.  <b>21 June 2013 – Update</b> This is embedded in the Capital Pro-forma monitoring sheet discussed at the monthly liaison meetings.  <b>05 July 2013 – Update</b> The thresholds for the reporting of AI's or contract variations have been agreed. These will be integrated within the new financial reporting framework for appropriate agreement. The new SLA and protocols will also be updated to show when such contract variations need to be individually reported to Education for noting / approval.	Head of Educational Planning and Resources, Head of Roads and Design	Education / Development

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
44.	31 March 2013	All Services	Recruitment and Selection	Substantial / Limited	The points relating to the content of the Recruitment and Selection Policy should be addressed.	<p>The Recruitment and Selection Policy will be reviewed and amended to reflect the relevant points identified.</p> <p><b>08 February 2013 – Update</b> A review of the Policy has commenced and is taking into account the recommendations from the audit as well as other changes implemented through legislation or other national developments.</p> <p><b>16 July 2013 – Update</b> The revised policy has been distributed to Services and Trade Unions for consultation, with the intention of submitting this to the Joint Consultative Committee on 21 August 2013, and to the next available Executive Committee following this date, for approval.</p>	Head of HR and Customer First	Corporate and Neighbourhood
45.	31 March 2013	All Services	Corporate Risk Management Arrangements	Limited	<p>Services should be required to develop a robust Risk Register, consistent with the CRR. These should be considered and reviewed by CRMG on a cyclical basis.</p> <p>Service Risk Registers should form an integral part of the Service Planning process. Related to that, we re-iterate our previous recommendations that:</p> <ul style="list-style-type: none"> <li>• Service Planning guidance is updated to cover the incorporation of risk management in Service Plans;</li> <li>• Services link their risks to the corporate risk categories set out in the CRR.</li> </ul>	<p>The updated Policy and Strategy will more clearly set out Services' responsibilities, and will require that all Services develop and maintain a comprehensive Risk Register based on the seven agreed categories of risk.</p> <p>The Policy and Strategy will also require that Service Risk Registers are considered by CRMG on a cyclical basis (as part of an agreed CRMG work programme). This will include an update on how Services are managing identified risks.</p> <p>In addition, consideration will be given to options for embedding risk management practice in future corporate and Service planning guidance.</p> <p><b>21 June 2013 – Update</b> The CRR and Policy has been circulated to CRMG members for their comments. Further guidance will be issued to support the Policy and Strategy, and support will be offered as part of the Service planning process.</p>	All Service Directors / CFO / CGO / Head of Policy, Technology, and Improvement / CRMG members	All Services
46.	31 March 2013	Corporate and Neighbourhood	IHMS Project Management	Limited	The requirement for a Business Case (including investment appraisal) should be a mandatory requirement for any future corporate ICT projects.	<p>No action for IHMS, but agreed for future projects.</p> <p><b>04 September 2013 – Update</b> Included in IT Strategy. Improvement Team preparing project documentation.</p>	TBC	Corporate and Neighbourhood

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
47.	31 March 2013	Corporate and Neighbourhood	IHMS Project Management	Limited	Formal risk management arrangements should be introduced for the remainder of the IHMS project.  In addition, the requirement for ongoing risk assessment and management should be a mandatory requirement for any future corporate ICT projects.	Each ICT contract is managed differently according to the needs of the project and the systems in place. We will continue to use the on-line Capita helpdesk, and note the need for appropriate risk and issues management for other projects.  <b>04 September 2013 – Update</b> Included in IT Strategy. Improvement Team preparing project documentation.	TBC	Corporate and Neighbourhood
48.	31 March 2013	Corporate and Neighbourhood	IHMS Project Management	Limited	This review has highlighted a number of areas in the Project Management Framework where improvements are required. We have attached, at <b>Annex 1</b> , a list of the areas we have reviewed and <b>recommend</b> that is used as the basis of a checklist for any future corporate ICT projects. This checklist should be mandatory for all Project Sponsors and Project Managers. We have also attached, at <b>Annex 2</b> , a suggested project management structure that we <b>recommend</b> should be the minimum requirement for any future corporate ICT projects.	Business Improvement Team will consider the required corporate approach to project management and monitoring, with input from Internal Audit and Service representatives if appropriate.  <b>04 September 2013 – Update</b> The Improvement Team is currently preparing a project management process which will clarify all stages of dealing with a project.	TBC	Corporate and Neighbourhood
49.	31 March 2013	Finance	Pensions Transactional Systems	Substantial	The Standards of Service that the Pensions Section aims to provide to the Scheduled and Admissions Bodies should be set out formally on an annual basis.	Agreed.  <b>16 August 2013 - Update</b> A Statement of Service Standards has been produced as a by-product of entering the SLAs with the new Police and Fire Authorities. This will be refined and rolled out to all scheme employers as part of the planned Pensions Administration Strategy.	Pensions Manager	Finance
50.	31 March 2013	Finance	Payroll	Substantial	A target date should be set for completing the exercise to update operational procedures.	Procedures in place. As per Service Plan these will be maintained on an ongoing basis.  <b>04 September 2013 – Update</b> This task has been allocated as part of the APDS process. A reminder will be issued to staff to confirm the procedures need to be updated and maintained.	Payroll Officer	Finance

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
51.	31 March 2013	Finance	Payroll	Substantial	The issues in relation to the administration and monitoring of over and under payments by Payroll Section staff should be addressed.	This is being considered within the context of the new Overpayments Policy which has been developed by Human Resources. Payroll will apply the Policy in all over or under payment cases.  <b>04 September 2013 – Update</b> Ongoing, target date for completion now 31 December 2013.	Payroll Officer	Finance
52.	30 April 2013	All Services	Premises Managers' Handbook Compliance	Limited	Corporate Risk Management Group Service representatives should ensure that:  • an annual Statement of Assurance and Action Plan is completed by all Premises Managers;  • Education Services' Statement of Assurance position paper is presented at the June meeting of the Corporate Risk Management Group on an annual basis; and  • Statements of Assurance and Action Plans are verified by an independent Officer.	Chief Officers, via their Corporate Risk Management Group representatives, will ensure that Statements of Assurance are completed and submitted for all premises.  Prior to the submission of Statement of Assurance information to CRMG, each Service CRMG representative will ensure that the accuracy and completeness of the information is verified.  <b>11 March 2013 – Update</b> This will be confirmed upon completion of the 2013 Statement of Assurance process.	Chief Officers / Service CRMG Reps	All Services
53.	30 April 2013	Finance	Payroll	Substantial	The issues in relation to the number of Payroll Section staff with access to run the payroll; Payroll Section staff having access to their own payroll records; and password duration / dormancy should be addressed.	This is currently necessary due to staff cover arrangements. As soon as staffing arrangements return to normal we will review and limit the number of users with access to their own records and the ability to run payrolls.  Password duration and dormancy issues will be reviewed.  <b>04 September 2013 – Update</b> Temporary staffing arrangements still exist in Payroll. When staff revert to substantive posts the access arrangements will be reviewed in line with this recommendation.	Payroll Officer (Systems and Control)	Finance

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
54.	31 May 2013	All Services	Corporate Risk Management Arrangements	Limited	<p>Operational risk management guidance should be developed (following review of the Policy and Strategy).</p> <p>Risk management should be covered at staff induction, and be embedded in all other training and development (as relevant).</p> <p>All Services should review their risk management training requirements.</p>	<p>Operational guidance will be developed to support the revised and updated Policy and Strategy.</p> <p>Options relating to induction and on-going training will be considered. This will be done within the context of a wider, CRMG led, review of Service training needs.</p> <p><b>21 June 2013 – Update</b> Risk Management will be included in training for Service Managers in April 2013. Further guidance and training will be developed following the above work and support will be offered as part of the implementation process.</p>	<p>Director of Development Services</p> <p>Director of Development Services / CRMG members</p>	All Services
55.	01 June 2013	Governance	Appointment of Consultants	Limited	The points relating to the content of the Protocol for the Appointment of Consultants, and related guidance, should be addressed.	Legal Services, in conjunction with Finance and Procurement and in consultation with other Services, will undertake a broader review of the use of consultants. This will include review and update of the Protocol, and the need for associated guidance and training.	Legal Services	Governance
56.	31 July 2013	Finance	Integra Finance System - Supplier Management and Payment Arrangements	Substantial	The issues relating to procedural guidance should be addressed.	<p>Formal guidance to be prepared for BACS Rejections and cancelled cheques.</p> <p><b>28 August 2013 – Update</b> To be prepared September 2013.</p>	Accountancy Services Manager	Finance
57.	01 August 2013	Governance	Appointment of Consultants	Limited	Training and awareness arrangements should be reviewed. This should include coverage in the induction process for new starts.	Legal Services, in conjunction with Finance and Procurement and in consultation with other Services, will undertake a broader review of the use of consultants. This will include review and update of the Protocol, and the need for associated guidance and training.	Legal Services	Governance

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
58.	31 August 2013	All Services	Appointment of Consultants	Limited	<p>A business case should always be prepared / approved.</p> <p>Unless subject to agreed exceptions, appropriate market testing should always be undertaken.</p> <p>Authorisation arrangements should be clear, and applied in full.</p> <p>Legal Services should be asked to assist in preparing appropriate formal agreements for all appointments.</p> <p>All appointments should be published in the Information Bulletin.</p> <p>Invoices should be checked / authorised, and paid promptly.</p>	Chief Officers will ensure compliance with the existing, and any future updated and revised, Protocol within their area of responsibility.	All Services	All Services
59.	31 August 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	A 'first use' vehicle check inspection programme should be developed and implemented by Fleet Services. This should cover all Operator's Licence vehicles over a rolling 12 month period.	A programme of monthly gate checks has been established, which will also cover all Operator's Licence vehicles.	Fleet Manager	Corporate and Neighbourhood
60.	30 September 2013	Finance	Payroll	Substantial	The Payroll Section Data Handling Register should be updated.	<p>This will be reviewed and updated.</p> <p><b>04 September 2013 – Update</b> Work is ongoing.</p>	Payroll Officer (Systems and Control)	Finance
61.	30 September 2013	Finance	Integra Finance System - Supplier Management and Payment Arrangements	Substantial	<p>A formal and comprehensive Business Continuity Plan should be prepared for all supplier management and payment activities.</p> <p>Once finalised, the Plan should be periodically tested, with the results of the test clearly documented, and any deviations from the expected outcome reported and investigated.</p>	<p>Preparation has been delayed due to staff resource issues. Task now included in workload for Senior Accountant to complete after the final accounts process has been concluded.</p> <p>Agreed.</p> <p><b>28 August 2013 – Update</b> Senior Accountant now appointed. Aim for completion end December 2013.</p>	<p>Accountancy Services Manager</p> <p>Accountancy Services Manager</p>	Finance
62.	30 September 2013	Finance	Integra Finance System - Supplier Management and Payment Arrangements	Substantial	Development of a more robust performance evaluation and reporting framework should be considered.	<p>To be included in workload plan for Senior Accountant (post vacant at present and currently advertised).</p> <p><b>28 August 2013 – Update</b> Senior Accountant now in place and will review.</p>	Accountancy Services Manager	Finance
63.	30 September 2013	Development	Development Management	Substantial	Development Management should investigate the reasons for the Audit Scotland Performance Indicator data inaccuracies, and identify a way to resolve them going forward.	Performance indicator reporting will be reviewed as part of Planning Performance Framework (PPF) 2 obligation.	Development Manager / Business Development Manager	Development



	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
64.	30 September 2013	Finance	Sundry Debtors	Substantial	Sundry Accounts System Administrator arrangements should be reviewed.	The number of system administrators will be reviewed and the user form will be updated.	Revenues Manager and IT Business Manager	Finance
65.	30 September 2013	Finance	Sundry Debtors	Substantial	The generic user accounts should be disabled.	These accounts will be disabled.	Revenues Manager and IT Business Manager	Finance
66.	30 September 2013	Finance	Sundry Debtors	Substantial	The issues relating to the user access and modification forms should be addressed.	The number of system administrators will be reviewed and the user form will be updated.	Revenues Manager and IT Business Manager	Finance
67.	30 September 2013	Finance	Sundry Debtors	Substantial	The issues in relation to the invoice production reports should be addressed.	Current arrangements will be reviewed to ensure that segregation of duties is enforced.	Revenues Manager	Finance
68.	30 September 2013	Finance	Sundry Debtors	Substantial	Performance information should be prepared on each Service's collection performance and performance targets.	Six monthly performance reports will be prepared.	Revenues Manager	Finance
69.	30 September 2013	Governance	Records Management	Substantial	Until recently, corporate records management information was provided to the Best Value Forum (prior to the re-structure of Council committees). To ensure proper assessment and review (as part of <b>Element 13</b> ), it has been agreed by CMT that management information will be reported via the Records Management Working Group to the Corporate Risk Management Group. The frequency and format of reporting should be agreed.	Agreed	Records Manager	Governance
70.	30 September 2013	Governance	Records Management	Substantial	Staff (within Services) should be made aware of the work undertaken to ensure compliance with PRSA requirements, what future improvements are planned, as well as progress against these improvements. Information should include links to all available documents, guidance, and areas of the website providing further detail. Consideration should be given to further developing records management training for staff.	Agreed	Records Manager	Governance
71.	30 September 2013	Governance	Records Management	Substantial	In protecting public records, Services should ensure they have procedures in place to evidence that they are 'assessing and containing' records risks via their Service Risk Registers, eg recording that information security risks are being addressed.	Agreed	All Services	All Services
72.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	A letter confirming roles, responsibilities, and training opportunities should be issued to the Transport Manager and all NSTO's.	To be discussed by Fit Fleet Group in September 2013.	Service Directors, Waste and Fleet Services Manager, and NSTOs	All Services

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
73.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	To ensure that the expectations and obligations of drivers are clear, and to enhance their level of accountability, line managers should ensure that all drivers complete a Driving at Work Policy Agreement Form. Thereafter, completed forms should be retained in the driver's personal file.	Service Directors will remind Service Unit Managers to ensure that all drivers complete a Driving at Work Policy Agreement Form.	Service Directors	All Services
74.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	Training and awareness arrangements for NSTO's should be reviewed by the Fit Fleet Group, with consideration given to their attendance at professional Operator's Licence training courses.	This will be discussed by Fit Fleet Group in September 2013. Discussion will include the level of knowledge required, and guidance may be sought from Corporate Risk Management Group or Corporate Management Team.	Waste and Fleet Services Manager and NSTOs	All Services
75.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	Training and awareness arrangements for line managers should be reviewed by the Fit Fleet Group. This should cover inclusion of rules relating to drivers' hours in the induction process and a periodic evaluation of training needs by Services.	To be discussed by Fit Fleet Group in September 2013.	Waste and Fleet Services Manager and NSTOs	All Services
76.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	Driver training and awareness arrangements (including induction) should be reviewed. This should cover inclusion of 'first use' vehicle checks and drivers' hours rules in the induction process.	To be discussed by Fit Fleet Group in September 2013.	Waste and Fleet Services Manager and NSTOs	All Services
77.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	The issues relating to risk management should be addressed.	Operator's Licence Compliance, and the risks associated with non-compliance, require to be captured within relevant risk registers. This will be progressed in conjunction with the Corporate Risk Manager.	Fleet Manager and Corporate Risk Manager	Corporate and Neighbourhood / Development
78.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	NSTOs should remind staff of the requirement to consult with Fleet Services prior to the hire, procurement, or receipt of vehicles.	NSTOs will remind staff of the requirement to consult with Fleet Services prior to the hire, procurement, or receipt of vehicles.	NSTOs	All Services
79.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	NSTO's should be re-issued with a copy of the Operator's Licence and a list of Service vehicles currently on the licence (including location). Thereafter, arrangements should be put in place by NSTOs to advise all Service staff of the operating centre stipulations, with periodic checks undertaken to confirm compliance with these requirements.	A list of Service vehicles currently on the licence (including location), will be circulated to NSTOs along with a memo explaining the implications.	Fleet Manager	Corporate and Neighbourhood
80.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	NSTO's should remind all drivers of the need to undertake robust vehicle safety checks prior to their first use of the vehicle on any day / shift.	NSTO's will remind all drivers of the need to undertake robust vehicle safety checks prior to their first use of the vehicle on any day / shift.	NSTOs	All Services

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
81.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	<p>Line managers should record audits of driver 'first use' vehicle checks in a separate log book. In particular:</p> <ul style="list-style-type: none"> <li>• Date of Check;</li> <li>• Vehicle Registration Number;</li> <li>• Driver Name;</li> <li>• Outcome of Check; and</li> <li>• Action Taken.</li> </ul> <p>On a quarterly basis, NSTO's should collate the results of line manager 'first use' vehicle check audits (including action taken where discrepancies were found), and report these results to the Fit Fleet Group for review and consideration.</p>	This will, in future, be a standing agenda item at Fit Fleet Group meetings.	Fleet Manager and NSTOs	All Services
82.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	All departments should produce a record of actual vehicle usage on a daily basis. Thereafter, the records should be checked against completed 'first use' vehicle check forms, with explanations sought from the respective drivers in relation to any discrepancies.	To be discussed by Fit Fleet Group in September 2013.	Waste and Fleet Services Manager, and NSTOs	All Services
83.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	All drivers should be reminded of the implications of failing to undertake robust 'first use' vehicle checks.	<p>The Driving at Work Policy, which includes a booklet that employees should sign for, includes reference to the implications of not following the Policy.</p> <p>NSTOs will remind staff within their Service of the implications of failing to undertake checks.</p>	NSTOs	All Services
84.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	<p>All outstanding driver infringement reports should be issued to line managers for investigation.</p> <p>Thereafter, Fleet Services should ensure that driver infringement reports are issued to line managers for investigation as and when they are received from Tacho-Data Ltd.</p> <p>On a quarterly basis, NSTO's should collate all driver infringement report details (including action taken to address these issues), and report the results to the Fit Fleet Group.</p>	<p>This is in progress.</p> <p>This will be done.</p> <p>This will, in future, be a standing agenda item at Fit Fleet Group meetings.</p>	<p>Fleet Manager</p> <p>Fleet Manager</p> <p>Fleet Manager and NSTOs</p>	All Services

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
85.	30 September 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	Reports setting out those vehicles for which services and inspections are outstanding should be generated from JAMMA on a weekly basis, with all identified issues investigated and addressed.	A report will be produced for the Waste and Fleet Services Manager on a weekly basis, to monitor compliance in relation to servicing and inspections.	Fleet Manager and Waste and Fleet Manager	Corporate and Neighbourhood
86.	31 October 2013	Social Work	Social Work Intermediary Accounts	Limited	Criteria should be established to evidence Social Work's decision to apply for appointeeship.	Procedures relating to criteria for appointeeships to be drafted in agreement with operational support staff and Community Care teams.  <b>10 September 2013 – Update</b> Short Term Working Group established to develop criteria for appointeeships - October 2013.	Customer Services Manager and Service Manager – Assessment and Care Management	Social Work
87.	31 October 2013	Social Work	Social Work Intermediary Accounts	Limited	Management checks on the day to day operation of the Intermediary Accounts should be introduced.	Checks as outlined in Annex 3 to be included in General Social Work Finance Team processes. Process to be agreed and implemented within Denny Town House Finance Team.  <b>10 September 2013 – Update</b> Review of tasks and workload within Central Finance Team underway to enable this function to be undertaken.	Customer Services Manager	Social Work
88.	31 October 2013	Social Work	Social Work Intermediary Accounts	Limited	The issues in relation to Intermediary Account balances should be addressed.	Steps will be taken to remove redundant funds from 'live' accounts. Negative balances will be reviewed and further guidance sought in relation to these accounts.  <b>10 September 2013 – Update</b> This work is underway.	Finance Admin Officer	Social Work
89.	31 October 2013	Social Work	Social Work Intermediary Accounts	Limited	The issues in relation to Intermediary Account reconciliation should be addressed.	All issues raised will be addressed. The reconciliation form will be amended to include officer's signature; additional checks as per Annex 3 will be implemented; the Camelon account has now been reconciled up to June 2013; staff will be reminded to use the appropriate reconciliation form agreed as part of the Intermediary Account procedure.  <b>10 September 2013 – Update</b> Form has been amended and checks will be implemented by end of October 2013.	Finance Admin Officer	Social Work
90.	31 October 2013	Social Work	Social Work Intermediary Accounts	Limited	The issues in relation to security and retention of client funds records should be addressed.	All issues raised will be addressed. Safe access in each location will be reviewed and reduced to only key officers; safe contents will be reviewed in all offices; staff will be reminded of retention dates for financial documentation.  <b>10 September 2013 – Update</b> Review ongoing across Social Work Offices - October 2013.	Customer Services Manager	Social Work

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
91.	31 October 2013	Social Work	Social Work Intermediary Accounts	Limited	The management information requirements of Social Work Services management in relation to the Intermediary Accounts should be established.	General finance process to be established to ensure that quarterly report is tabled at Community Care Finance Group to include number of clients supported by Intermediary Accounts in each Team, total value of each Team's Intermediary Account, and list of service users with balance over £5,000.  <b>10 September 2013 – Update</b> Process will be implemented end of next quarter - October 2013.	Finance Admin Officer	Social Work
92.	31 December 2013	Finance	Payroll	Substantial	There should be formal notification issued to the employee by Payroll Section to confirm when their bank account details have been changed.	This recommendation will not be implemented at present as current arrangements, whereby employees must provide their old account information, is considered adequate.  The potential for automating the suggested control will, however, be explored with the Resourcelink software provider.  <b>04 September 2013 – Update</b> Payroll system provider is due to carry out a system health check and recommend areas underutilised in Resourcelink. Due to take place early 2014 at the latest. Will raise this issue and ask if there is functionality within Resourcelink to handle this.	Payroll Officer (Systems and Control)	Finance
93.	31 December 2013	Finance	Sundry Debtors	Substantial	The authorised signatory lists should be updated.	The authorised signatory lists will be updated.	Revenues Manager and Senior Accountant	Finance
94.	31 December 2013	Finance	Sundry Debtors	Substantial	The resourcing of the Sundry Accounts Team should be reviewed.	The resourcing of the Sundry Accounts Team will be reviewed.	Revenues Manager	Finance
95.	31 December 2013	Finance	Sundry Debtors	Substantial	A debt recovery policy for Sundry Accounts should be developed.	The draft corporate debt policy has been prepared. Once agreed the debt recovery policy for Sundry Accounts will link to this.	Revenues Manager	Finance
96.	31 December 2013	Governance	Records Management	Substantial	The Records Management Plan (including improvements) should be managed and reviewed through a Service 'Statement of Assurance' system.	Agreed	All Directors	All Services
97.	31 December 2013	Governance	Records Management	Substantial	Consideration should be given to the appointment of an Information Governance lead officer to co-ordinate all information governance and security responsibilities.	Agreed	All Directors	All Services

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
98.	31 December 2013	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	Tachograph data analysis work should be subject to periodic market testing through the Public Contracts Scotland 'Quick Quotes' system.	Tender to be arranged via Quick Quotes.	Fleet Manager	Corporate and Neighbourhood
99.	31 March 2014	Development	Roads Maintenance Arrangements	Substantial	Formal priority rating sample checking procedures should be developed.  In addition, a formal rating scale in relation to the condition score awarded should be developed.	Priority rating sample checking procedures will be formalised and included in the revised Carriageway Lifecycle Plan.  The rating scale will be developed further.  <b>21 June 2013 – Update</b> No formal priority rating sample check procedure has been developed, as yet. The programme for 2013/14 and beyond is currently under development and a checking procedure will be developed as part of this work. The checking procedure will be included in Quality Process QP110 and in the RAMP Maintenance Manual which has to be developed	Roads Manager	Development
100.	31 March 2014	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	NSTO's should ensure that a completed annual Statement of Assurance is returned to the Transport Manager in accordance with reporting deadlines.	NSTOs will ensure this is done.	Service Directors and NSTOs	All Services
101.	30 November 2015	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	The Driving at Work Policy should be formally reviewed and updated, with staff advised of all changes on a timely basis.	This Policy is included in the HR Policy Review Timetable which includes all HR developed Policies and has a review period of c5 years, unless a legislative or other change arises which requires the Policy to be reviewed at an earlier date.  Any changes arising from the Internal Audit will be made as part of the next scheduled review.	Head of Human Resources and Customer First	Corporate and Neighbourhood
102.	30 November 2015	Corporate and Neighbourhood	Operator's Licence Arrangements	Substantial	To ensure the consistent, fair, and transparent application of controls, written procedures should be put in place, covering:  <ul style="list-style-type: none"> <li>the frequency and type of infringement which would lead to disciplinary action;</li> <li>the investigation process; and</li> <li>the applicable action depending on the outcome of the investigation.</li> </ul>	The Head of Human Resources and Customer First wrote to all Service Directors in March 2011 on issues relating to the completion of First Use Vehicle Checks. A further reminder will be issued to all Services and any necessary changes will be made to the Driving at Work Policy at next review.	Head of Human Resources and Customer First	Corporate and Neighbourhood

	Target Implementation Date	Service	Audit Name	Assurance Level	Recommendation Details	Agreed Management Action	Responsible Officer	Responsible Officer Service
103.	Commence July 2013	Development	Development Management	Substantial	The issues in relation to policies and procedures should be addressed.	A Development Management Procedures Manual (DMPM) will be prepared to summarise and clarify current procedures for staff. The DMPM will be updated thereafter as and when required.	Development Manager	Development
104.	Commence July 2013	Development	Development Management	Substantial	The points relating to the Idox system should be addressed.	A review of Idox system security protocols for Development Management (including Enforcement) will be undertaken.	Development Manager / Business Development Manager / Systems Support Officer	Development
105.	Commence July 2013	Development	Development Management	Substantial	A formal System Security Statement and an Access Control Policy should be established and maintained.	A formal System Security Statement and Access Control Policy will be established and maintained, in conjunction with Idox software.	Development Manager / Business Development Manager / Systems Support Officer	Development
106.	Commence July 2013	Development	Development Management	Substantial	System tasks and communication issues should be discussed, and managed, through the introduction of an internal system working group.	The IT System Working Group will be re-instated, with a view to agreeing development work priorities (this Group will include representation from Building Standards and Planning Policy).	Development Manager / Business Development Manager / Systems Support Officer	Development
107.	Commence July 2013	Development	Development Management	Substantial	Development Services should implement a process that ensures applicant payments are made directly / received timeously.	Process mapping of planning application fees will be undertaken.	Development Manager / Business Development Manager	Development
108.	Commence July 2013	Development	Development Management	Substantial	System issues relating to production of management information, and Development Management's linked ability to respond / take action, should be addressed.	Consider process with actions to report on all data from within Uniform to assist with statistical data requirements of PPF2 / local performance indicators.	Development Manager / Business Development Manager / Systems Support Officer	Development
109.	Commence July 2013	Development	Development Management	Substantial	Business Development and Development Management should discuss what Customer First statistical information is, and can be, made available.  This data could become part of the suite of local performance indicators recommended at paragraph 3.24.2.	Liaison between Development Management and Business Support.	Development Manager / Business Development Manager / Systems Support Officer	Development

**FALKIRK COUNCIL**

**Subject: CORPORATE RISK MANAGEMENT UPDATE**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: DIRECTOR OF DEVELOPMENT SERVICES**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to update Members on progress in relation to the risk management work-plan which was presented to Committee in Feb 2013.

**2. PROGRESS**

- 2.1 Good progress has been made in developing the risk management framework (Appendix 1), and in implementing the annual work-plan (Appendix 2), both of which were approved by Committee in March 2013. The progress includes:-
- 2.2 A review of Corporate Working Groups has been completed, subject to any further comments from CRMG Members. The most up to date version has clarified reporting structures for People Protection, which is addressed by various working group. The Working Groups are categorised by the 7 Corporate Risk Register themes.
- 2.3 Delivery of Risk Management Training and Guidance, including:
- Training for Service Unit Managers in June 2013, as part of wider SUM training. The feedback from this has been very positive.
  - Training for Elected Members and the Audit Committee, in Sept 2013.
  - Guidance to support the above training, which will be rolled out in Q4 2013.
  - Online training for Officers and Employees, which will be rolled out in 2013.
- 2.4 Review of Service Risk Registers (SRRs)
- A review of SRRs for 2013 has been undertaken by the Corporate Risk Manager to identify the Council's main corporate risks, and to prioritise them.
  - The list has been cross referred with a list of risk areas identified by Internal Audit during their discussions with Service DMT's as part of 2013/14 Internal Audit Planning, and with Risk Registers from some other Councils e.g. Renfrewshire.
  - Workshops will take place with Service DMTs (or their nominated risk co-ordinator) in Sept 2013 to review and agree the SRR's.
  - Once SRR's are in place, discussions will take place at CRMG to review, challenge & prioritise risks at a Corporate level.



- 3.2 Guidance has been developed for Partnership and Procurement risks, and is currently being considered by Community Planning and Procurement teams.

### **3 NEXT STEPS**

- 3.1 Training will be delivered to Members and the Audit Committee in Sept 2013.
- 3.2 Service Risk Reports will be developed following SRR reviews, and these will form part of regular risk & performance reporting to CRMG & the Committee which is assigned responsibility for performance.

### **4. RECOMMENDATIONS**

#### **4.1 Members are invited to note that:**

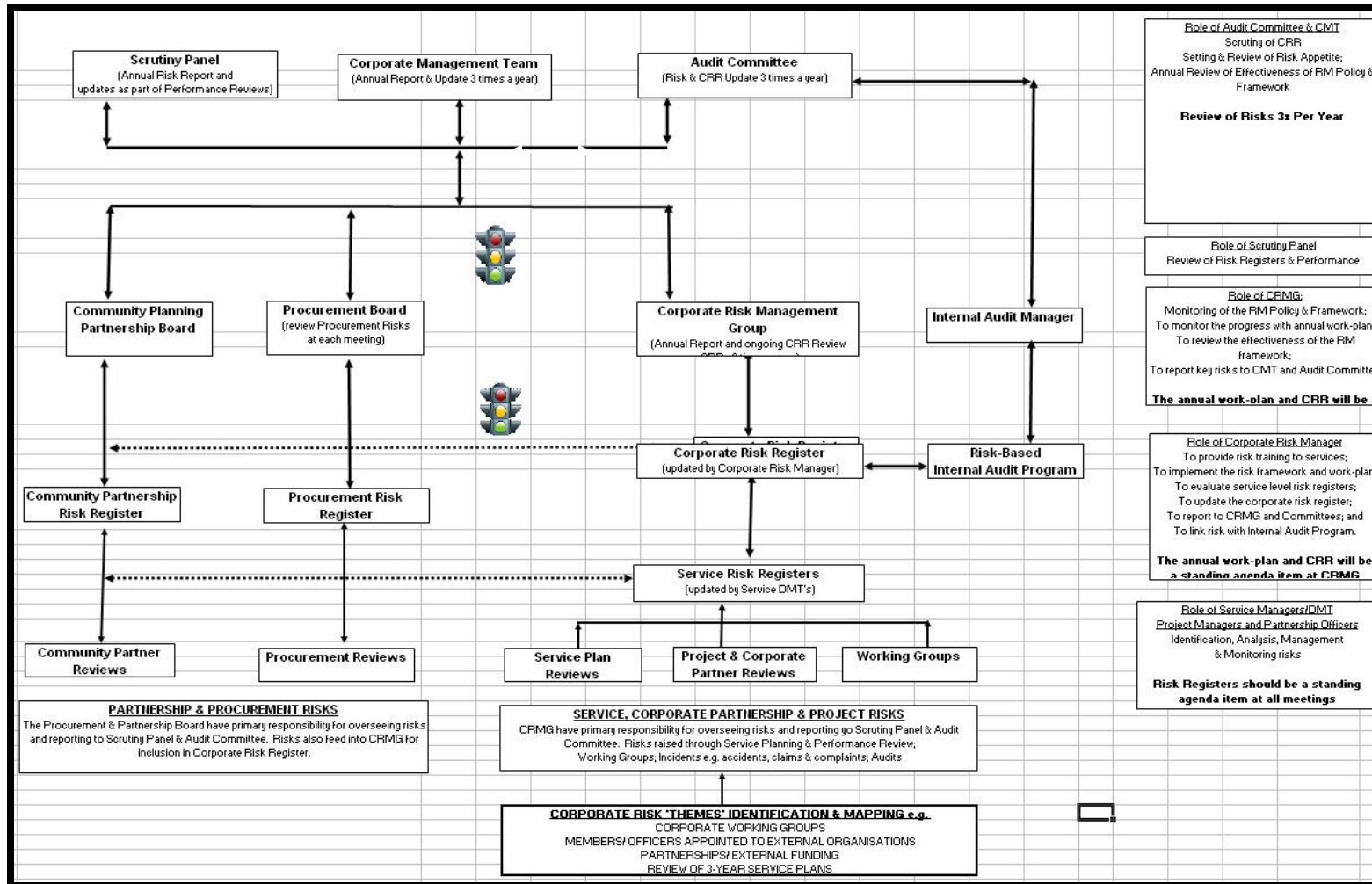
**4.1.1 Good progress has been made in implementing the 2013 Risk Management Work-Plan;**

**4.1.5 Next steps will include training, guidance and risk registers.**

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**Director of Development Services**

**Date: 10 September 2013**

## Appendix 1: RISK MANAGEMENT FRAMEWORK



The intention is that each Service will submit their Service Risk Register (SRR) to CRMG the month prior to reporting to the Scrutiny Panel. The time-table may change on the time-table for the scrutiny panel is known. Each SRR update should include activities and risks associated with all of the Working Groups which the Service leads and/or where the WG activity materially impacts the services risks.

## Appendix 2: RISK MANAGEMENT WORK-PLAN FOR 2013

		2013												2014						
	Audit Committee Update	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Status @ Aug 2013
Develop Policy & Framework	Apr-13																			Policy to be submitted to CMT and Members in Sept/ Oct 2013.
Review & Map Relationships & Risk Reporting Structures (e.g. Working Groups, External Bodies, Partnerships)	Sep-13																			Complete. Final Version of Working Groups presented to CRMG in Aug 2013 and to Audit Cttee Sept 2013.
Training & Risk Register Reviews																				Ongoing - Complete Dec 2013
SMU Training																				
DMT Sessions																				
Guidance for SUM's																				Drafted. Present to CRMG Sept 2013 & Roll-Out as part of Service & Divisional Risk Register Reviews.
Online Risk Management Training Tool																				Drafted. To be uploaded into Training Software by HR.
Member Training																				
Audit Committee Training																				Scheduled - Sept 2013. Gallagher Bassett & RG/HC
CRM Revise of Corporate & Service Risk Registers and drafting of new SRR's																				2013 Service Plans & Risk Registers reviewed, and risks uploaded into Corporate Risk Register format. In process of reviewing with each Service.
Workshops with DMTs to review & agree Service Risk Registers																				DMT meetings planned for Sept / Oct. Outcomes expected by Nov.
Divisional Risk Register Workshops																				Will be completed
Embed within Business Review Processes																				
Business Continuity																				Supporting services with Business Impact Analysis as part of DMT Risk Reviews. Will support EP Team in Review & Testing of Plans.
Service Planning																				
Risk & Performance Reporting (to CRMG & Scrutiny Panel)																				Await Scrutiny Panel Timetable. 6-Monthly Service Risk Report Template drafted & being shared with services as part of DMT Workshops.
Embed within Decision Making & Review Processes e.g.	Sep-13																			
Risk Considerations included within all Committee Reports																				This is being considered by Governance Officers as part of review of Committee Structures.
Assets (e.g. trees, alarms)																				Trees: C&N Services (Estates) and Community Trust (Parks and Open Spaces) have an established risk assessment and maintenance process for tree risks. Development Services are to develop and implement a process for managing trees in their area of responsibility (eg highways) by the end of March 2013. Security: Further review of alarms with Facilities identified that we do have alarms in all High & Medium Risk Rated premises and these are linked to the 27-Hour Contact Centre and Police - this will now be monitored through Premises Managers arrangements.
Procurement																				Procurement Risk Guidance drafted & shared with Procurement Manager. To be incorporated into wider procurement guidance for Service Managers. Procurement Board will receive updates on suppliers & procurement risks. Models drafted for assessing risks at both the Supplier & Category level.
Partnerships																				Partnership Risk Guidance drafted & shared with Community Partnership Manager. To be incorporated into wider partnership review guidance for Service Managers. Partnership Board will receive updates on risks.
Sustainability & Climate Change																				
Review Effectiveness of RM Framework	Mar-14																			
Self Assessment by CRMG (using ALARM/ CIPFA Maturity Model)																				Self Assessment Drafted - Plan to present to CRMG Jan, then to Audit Committee in March 2013 (along with 2014/15 RM Work Programme).
Audit Scotland (LAN)																				Audit Scotland aware of RM Workplan and are monitoring progress.
Internal Audit & Marsh Audit																				Undertake after CRMG self assessment.
Develop Systems: Covalent	Mar-14																			This item has been brought forward - was previously scheduled for Q2 2014 but has been brought forward to Q1 so that the system is ready for Service Planning. Plan to introduce on a trial basis with at least 2 services, to allow system & report functionality to be tailored to needs.
Ongoing Training & Communications	Mar-14																			
Quarterly RM Bulletin for SUMs & CRMG																				This is a new item, inserted following draft CRMG Assessment.
Develop Training Matrix (eg Refresher & Induction Training)																				This is a new item, inserted following draft CRMG Assessment.
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	

**FALKIRK COUNCIL**

**Subject: REVIEW OF CORPORATE RISK REGISTER**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: DIRECTOR OF DEVELOPMENT SERVICES**

**1. INTRODUCTION**

- 1.1 A review of the Council's Corporate Risk Register (CRR) has been undertaken as part of an agreed periodic update to CRMG and the Audit Committee.

**2. FINDINGS**

- 2.1 The review has taken account of the findings of a review of the risks and controls identified through an evaluation of 2013-2016 Service Plans.
- 2.2 There are a number of additions to the CRR, and these are marked up on the attachment. Whilst these are more detailed, the CRR is still considered a high level document.
- 2.3 The Top 10 risks are still considered to be the same as those reported in May 2013, as outlined below (in no particular order of priority):-
- Protecting vulnerable people/ groups: including Child Protection & Elderly Care;
  - Welfare reform: financial loss to the Council due to rent arrears, and also increased financial hardship to citizens leads to higher demands for welfare services;
  - Managing financial pressures: inc. reduced government funding & capital investment;
  - Prioritisation of resources – particularly demand on support functions to drive change;
  - Managing transformational change: including colleague engagement and development;
  - Equalities: Equal pay claims and threats of industrial action;
  - Regulatory change – especially elderly care and housing;
  - Opportunities for efficiency through greater partnership working;
  - Tax Incremental Funding (TIF) Pilot: realising the opportunity for major investments;
  - Security, availability and integrity of data.

**3. NEXT STEPS**

- 3.1 A review is being undertaken with each Service of their Service Risk Register (SRR), and this will inform future updates to the CRR.
- 3.2 A CRR which consolidates all SRR's is anticipated to be provided to CRMG in Oct 2013 (subject to availability and support of all Services for reviews), and then discussion and challenge will take place around the scoring & prioritising of risks. The outcome should be a prioritised Corporate Risk Register, and this will be presented to the Audit Committee in early 2014.

- 3.3 Once Corporate & Service Risk Registers are in place, they should become an integral part of ongoing service planning and service updates will be provided to CRMG 6-monthly. The timetable for these reports will align with reports to the newly created Performance Panel.

#### **4. RECOMMENDATIONS**

##### **4.1 Members are invited to:**

###### **4.1.1 Note the findings of this review;**

###### **4.1.2 Provide feedback on the CRR (Appendix 1);**

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**Director of Development**

**Date: 10 September 2013**

## Appendix 1: CORPORATE RISK REGISTER - AUG 2013

Note: Items Highlighted Are Additions Made in Aug 2013

Risk	Potential outcomes	Potential consequences	Controls	Review mechanisms
<b>1. Failures in proper financial management</b>	<ul style="list-style-type: none"> <li>• Breach of statutory duty to achieve best value;</li> <li>• Material mis-statement of financial position;</li> <li>• Inability to fulfil financial and policy obligations;</li> <li>• Failure to collect all income due from debtors;</li> <li>• Failure to pay invoices timeously;</li> <li>• Flawed borrowing or investment related decision making;</li> <li>• Fraud / irregularity;</li> <li>• Failure to plan for economic climate;</li> <li>• Failure to achieve SOA, Corporate and Service plan objectives;</li> <li>• Qualification of Annual Accounts or criticism from appointed external auditor;</li> <li>• Failure to manage the impacts of welfare reform;</li> <li>• Exposure to Serious Organised Crime.</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to achieve and demonstrate best value;</li> <li>• Prosecution or other legal remedy.</li> <li>• Failure to deliver core services to stakeholders</li> <li>• Financial Leakage;</li> <li>• Detrimental impact on partners &amp; risk to future supply chain;</li> <li>• Compromised medium to long term financial position.</li> <li>• Financial loss;</li> <li>• Compromise the financial position of partners;</li> <li>• External intervention / control</li> <li>• Damage to reputation;</li> <li>• Greater demand for other Council services.</li> </ul>	<ul style="list-style-type: none"> <li>• CMT commitment to good financial governance and achievement of best value;</li> <li>• Clear and up to date Standing Orders and Financial Regulations;</li> <li>• SOA, Corporate and Service Plans (including PI's);</li> <li>• Debt Recovery Policy;</li> <li>• Reliable financial management IT systems.with appropriate automated controls &amp; business continuity plans;</li> <li>• Investment Policy &amp; CIPFA Code of Practice for Treasury Management;</li> <li>• Anti-fraud arrangements;</li> <li>• Community Planning Priorities</li> <li>• Internal and external scrutiny;</li> <li>• Complaints procedure;</li> <li>• Poverty Strategy;</li> </ul>	<ul style="list-style-type: none"> <li>• Member scrutiny via established Committee structure, including Audit Cttee;</li> <li>• Service management meetings;</li> <li>• SPSO;</li> <li>• Debtors Monitoring &amp; PI's;</li> <li>• Business continuity plan testing;</li> <li>• Investment Committee;</li> <li>• Working Groups (inc Capital, Budgeting &amp; Welfare Reform);</li> <li>• FPP Monitoring inc Peer Reviews;</li> <li>• Internal and External audit scrutiny and other inspections;</li> <li>• Financial reporting &amp; monitoring;</li> </ul>

## 2. Failures in proper information management (availability, integrity and security).

- |   |   |   |   |
|---|---|---|---|
| <ul style="list-style-type: none"> <li>• Information / data loss;</li> <li>• Information / data corruption;</li> <li>• Compromised decision making;</li> <li>• Breach of statutory duty e.g. DPA &amp; Public Records</li> <li>• Inappropriate use of Council ICT equipment;</li> <li>• Breach of confidentiality, compromising staff, public, or other stakeholders;</li> <li>• Flawed decision-making or reporting;</li> <li>• Failure to achieve SOA, Corporate and Service plan objectives;</li> <li>• Inefficient / sub-optimal systems;</li> <li>• Systems breakdown / failure.</li> <li>• Failure in ICT contract management;</li> <li>• Exposure to Serious Organised Crime.</li> <li>• Breach of Privacy (including use of CCTV monitoring equipment)</li> </ul> | <ul style="list-style-type: none"> <li>• Prosecution or other legal remedy;</li> <li>• Financial loss resulting from reliance on flawed or incomplete data;</li> <li>• Failure to deliver core services;</li> <li>• Failure to provide evidence for inspections, regulators etc;</li> <li>• Damage to reputation;</li> <li>• Risk of harm to data subjects e.g. offenders;</li> <li>• Detrimental impact on partner organisations;</li> <li>• Failure to deliver best value services;</li> <li>• Costs of reinstatement/ additional costs of working;</li> <li>• Dependence on suppliers and risks of their failure;</li> </ul> | <ul style="list-style-type: none"> <li>• Data loss reporting (internal &amp; to SPSO);</li> <li>• Compliance with relevant legislation e.g. Data Protection;</li> <li>• Clear ICT strategy and supporting policy &amp; procedures;</li> <li>• Clear records management policy &amp; procedures;</li> <li>• Acceptable Use of the internet and email policy;</li> <li>• Data sharing protocols with partners inc Info Audit &amp; logging of information transfers (electronic or otherwise);</li> <li>• CMT commitment to good information governance;</li> <li>• SOA, Corporate and Service Plans (including PI's);</li> <li>• Investment - alignment of ICT, Service &amp; Asset Strategies;</li> <li>• Business Continuity;</li> <li>• Contract Monitoring Framework for critical systems;</li> <li>• Systems &amp; buildings security inc access controls, encryption &amp; virus checking;</li> <li>• Property damage &amp; business interruption insurance, including increased cost of working;</li> <li>• Privacy Impact Assessments;</li> <li>• Information Asset Register.</li> </ul> | <ul style="list-style-type: none"> <li>• SIC (info. Commissioner);</li> <li>• Corporate working groups including Improvement Governance Board, FOI, CRMG &amp; Records Management</li> <li>• Service Management meetings;</li> <li>• Public Records Statement of Assurance;</li> <li>• ICT Controls &amp; Monitoring e.g. internet use &amp; email scanning;</li> <li>• Internal and External audit scrutiny and other inspections;</li> <li>• CMT scrutiny;</li> <li>• Member scrutiny via established committee structure;</li> <li>• Tendering &amp; Best practice monitoring;</li> <li>• Business Continuity Testing;</li> <li>• Contract Monitoring Officers;</li> <li>• Systems Administrators;</li> <li>• RIPSA Working Group (Regulation of Investigatory Powers).</li> </ul> |
|---|---|---|---|

### 3. Failures in human resource management

- |  |  |  |  |
|--|--|--|--|
| <ul style="list-style-type: none"> <li>• Insufficient staff;</li> <li>• Recruitment and retention problems;</li> <li>• Absence;</li> </ul> | <ul style="list-style-type: none"> <li>• Failure to deliver core services;</li> <li>• Damage to reputation – unable to recruit /retain skilled workforce;</li> <li>• Cost of absences (direct &amp; indirect e.g. sick pay &amp; morale);</li> </ul> | <ul style="list-style-type: none"> <li>• Appropriate management and accountability structures;</li> <li>• Adequate and appropriate staff establishments;</li> <li>• * Occupational Health, Counselling &amp; Physio services.</li> <li>• * Absence Policy, Manager Training &amp; HR Support;</li> </ul> | <ul style="list-style-type: none"> <li>• Service Management Meetings;</li> <li>• Service Based Forums;</li> </ul>      |
| <ul style="list-style-type: none"> <li>• Non performing staff,;</li> </ul>   | <ul style="list-style-type: none"> <li>• Cost of identifying and rectifying human errors;</li> </ul>   | <ul style="list-style-type: none"> <li>• Clear and robust HR policies and procedures, including job evaluation scheme;</li> </ul>  | <ul style="list-style-type: none"> <li>• CMT scrutiny;</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Not properly qualified;</li> </ul>  | <ul style="list-style-type: none"> <li>• Cost of covering vacant posts;</li> </ul>   | <ul style="list-style-type: none"> <li>• Up to date Member / Officer job descriptions in place;</li> </ul>   | <ul style="list-style-type: none"> <li>• Internal and External audit scrutiny and other inspections;</li> </ul>        |
| <ul style="list-style-type: none"> <li>• Not properly supported;</li> </ul>  | <ul style="list-style-type: none"> <li>• Reduced staff morale;</li> </ul>  | <ul style="list-style-type: none"> <li>• APDS &amp; Employee Development Bulletin;</li> </ul>  | <ul style="list-style-type: none"> <li>• External accreditation eg IIP;</li> </ul>                                     |
| <ul style="list-style-type: none"> <li>• Not properly trained;</li> </ul>  | <ul style="list-style-type: none"> <li>• Reduced Performance / Failure to achieve full potential;</li> </ul>   | <ul style="list-style-type: none"> <li>• Complaints &amp; Quality Monitoring Processes;</li> </ul>   | <ul style="list-style-type: none"> <li>• Staff Satisfaction Surveys;</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Not properly paid;</li> </ul>   | <ul style="list-style-type: none"> <li>• Industrial Relations Disputes;</li> </ul>   | <ul style="list-style-type: none"> <li>• Business continuity plans for key ICT systems &amp; processes;</li> </ul>   | <ul style="list-style-type: none"> <li>• Corporate Working groups e.g. Safety @ Work &amp; CRMG;</li> </ul>            |
| <ul style="list-style-type: none"> <li>• Unsafe/ unhealthy working environment;</li> </ul>   | <ul style="list-style-type: none"> <li>• Absence and illness</li> </ul>  | <ul style="list-style-type: none"> <li>• Premises Manager handbook and associated guidance;</li> </ul>   | <ul style="list-style-type: none"> <li>• Benchmarking of terms &amp; conditions of service;</li> </ul>                 |
| <ul style="list-style-type: none"> <li>• Inequitable treatment of staff;</li> </ul>  | <ul style="list-style-type: none"> <li>• Tribunals &amp; Civil Claims;</li> </ul>  | <ul style="list-style-type: none"> <li>• Equality Impacts Assessment included in committee reports;</li> </ul>   | <ul style="list-style-type: none"> <li>• Statements of Assurance (Premises &amp; Fleet);</li> </ul>                    |
| <ul style="list-style-type: none"> <li>• Failure to achieve SOA, Corporate and Service plan objectives.</li> </ul>                         | <ul style="list-style-type: none"> <li>• Failure to demonstrate best value;</li> </ul>   | <ul style="list-style-type: none"> <li>• Timely and accurate management information;</li> </ul>  | <ul style="list-style-type: none"> <li>• Staff Satisfaction Surveys;</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Failure to carry out suitable disclosure checks;</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Prosecution or other legal remedy;</li> </ul>   | <ul style="list-style-type: none"> <li>• Appropriate Disclosure Checks &amp; Manager Guidance;</li> </ul>  | <ul style="list-style-type: none"> <li>• Member scrutiny via established committee structure including JCC;</li> </ul> |
| <ul style="list-style-type: none"> <li>• Challenge of severance decisions;</li> </ul>  | <ul style="list-style-type: none"> <li>• Attract too many / too few people for retirement; or union disputes;</li> </ul>   | <ul style="list-style-type: none"> <li>• Consultation &amp; documentation of process &amp; decision rationale;</li> </ul>  | <ul style="list-style-type: none"> <li>• Safer Recruitment Working Group;</li> </ul>                                   |
| <ul style="list-style-type: none"> <li>• Failure to manage &amp; control claims spend;</li> </ul>  | <ul style="list-style-type: none"> <li>• Detrimental impact on cost &amp; availability of insurance;</li> </ul>  | <ul style="list-style-type: none"> <li>• Claims reports to Services and review of investigations;</li> </ul>   | <ul style="list-style-type: none"> <li>• Monitoring severance (including savings achieved);</li> </ul>                 |
| <ul style="list-style-type: none"> <li>• Exposure to Serious Organised Crime.</li> </ul>   |  |  | <ul style="list-style-type: none"> <li>• Audits &amp; Lessons Learnt;</li> </ul>                                       |



#### 4. Failure to properly manage assets.

Deterioration assets resulting in:

- harm to others;
- increased repairs and maintenance obligations.
- loss of value if realised;

• not fit for purpose;

- not making best use of fixed assets (efficiency)

- Environmental impact;

- Failure to achieve SOA, Corporate and Service plan objectives.

- Acquisition – lack of capital to support needs;

• Under utilisation of assets;

- Failure to comply with statutory obligations;

• Failures in procurement governance;

• Supplier Failure;

• Inaccurate Asset Valuations;

• Increased property damage claims;

• Failure to maximise recoveries from contractors

• Premises Access & Evacuation Restrictions (particularly in high rises);

- Failure to deliver core services

- Prosecution or other legal remedies.

• Financial Loss;

- Unnecessary revenue and capital expenditure

• Assets not fit for purpose (poor quality service / delivery methods)

• Increased running costs;

- Failure to demonstrate / achieve good environmental governance;

• Failure to demonstrate best value;

- Shortfall in capital receipts leading to capital plan slippage;

• Service Inefficiency;

- Damage to reputation;

• Delays;

• Service interruption;

• Flawed Financial Information & Decisions inc insurance;

• Detrimental impact on costs & availability of insurance;

• Equalities issues – Disability Discrimination Act claims;

- Finance Capital Section;

- Premises managers' handbooks;

• Contractual inspection, repair and maintenance arrangements

- Maintenance schedules, inc Roads Winter Plan;

• Customer Service & Complaints Monitoring;

- Efficiency Reviews e.g. utilisation; carbon/ energy management & occupancy;

- Sustainability Strategy and environmental mgt targets;

- SOA, Corporate and Service Plans (including PI's);

• Asset Management / Capital Programme alignment;

- Utilisation Reviews;

• Statutory Inspections eg. PAT, engineering; SHQS & Gas;

• Procurement Strategy & Guidance;

• Contracts inc KPI's and BCP

• Periodic & Appropriate Asset Valuations;

• Loss adjusting – ensure claims are legitimate;

• PFI insurance premium adj. & Recharge contractor damage.

• Fire Safety Inspections & Risk Assessments;

- CMT scrutiny

• Statements of Assurance – Premises & Fleet;

- Service management meetings;

- Timely and accurate management information;

• Housing Participation Groups;

• Asset Management Group & sub-groups e.g. Fleet;

• Sustainability Working Group;

- Internal and External audit scrutiny and other inspections;

• Capital Planning Group & Investment Committee;

- User Intelligence Meetings;

• Inspection Targets & Actions;

• Procurement Board;

• Supplier & BCP Monitoring;

Internal & External Review of Asset Valuations;

• Monitoring by Asset

Management Group & CRMG;

• Independent Broker PFI Calculation;

**5. Failure to properly recognise, plan for, and manage significant change, both internal and external.**

- Missed opportunities / failure to maximise financial position.

- Failure to engage & obtain stakeholder buy-in;

- Failure to support staff through significant change

- Failures in project governance

- Failure to respond to statutory changes (e.g. equalities & planning);

- Failure to achieve SOA, Corporate and Service plan objectives;

- Failure to meet economic & demographic changes;

- Failure to maximise investment income e.g. TIF

- Failure to respond to emergencies inc pandemic;

- Asset Construction & Design is flawed or does not meet changing statutory and/or needs;

- Failure to respond to emergencies inc pandemic;

- Financial or reputational damage by consequences of change.

- Failure to achieve SOA, Corporate & Service plan objectives

- Deterioration in morale and service & increased stress;

- Time/ Cost / Quality of project outcomes is compromised;

- Prosecution or other legal remedy;

- Failure to achieve and demonstrate best value;

- Failure to meet increased demand fro core services;

- Failure to maximise economic benefits & consequences thereof;

- Interruption to core services & impact on communities;

- Harm to users (e.g. due to poor ventilation or access);

- Detrimental impact on partner organisations;

- Financial loss;

- Corporate and Service risk management arrangements.

- Participation & Engagement Plans & Strategies;

- Employee Communications, Training & Succession Planning

- Project Management Framework,

- Horizon scanning;

- SOA, Corporate and Service Plans (including PI's);

- Demand planning, aligned with capital, revenue & assets;

- Strategic Projects;

- Business Continuity & Emergency Response Plans;

- Contract and internal insurances - Professional Indemnity (includes cover for architects & designers);

- Media Communications;

- PSIF;

- Member & CMT scrutiny via established committee structure.

- Internal and External audit scrutiny and other inspections.

- Training Evaluations;

- Project Status Reports including risk, issues, cost control, deliverables & savings;

- Liaison with Central and Local Government partners.

- Internal and External audit scrutiny and other inspections;

- Economic & Population Census Information;

- Monitor Funding & Spend;

- BCP Testing & Emergency Planning Working Groups;

- Ongoing review of legal requirements & best practice standards;

- SPSO;

<b>6. Failures in governance, leadership, accountability and decision making.</b>	<ul style="list-style-type: none"> <li>• Failure to demonstrate best value;</li> <li>• Members / Officers unclear/ unsure of duties and responsibilities;</li> <li>• Lack of support for decisions;</li> <li>• Members lack the skills to make effective decisions;</li> <li>• Breakdown in relations between Members Officers;</li> <li>• Lack of strategic vision, direction and outcomes;</li> <li>• Failure to comply with statutory duties;</li> <li>• Lack of information to support decisions making;</li> <li>• Failure to deliver multiple &amp; simultaneous elections;</li> <li>• Failure to protect vulnerable people from harm;</li> <li>• Negligent Professional Advice e.g. legal &amp; planning;</li> <li>• Failure to monitor &amp; replicate best practice;</li> <li>• Failures in risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to achieve SOA, Corporate and Service plan objectives.</li> <li>• Failure of Members / officers to fulfil responsibilities.</li> <li>• External intervention (overtake decisions and consequences thereof).</li> <li>• External intervention or criticism;</li> <li>• Unworkable organisation;</li> <li>• Failure to deliver core services;</li> <li>• Prosecution and other legal action.</li> <li>• Financial loss;</li> <li>• Ineffective decision making;</li> <li>• Re-run of elections and consequences thereof;</li> <li>• Injury and civil claims;</li> <li>• Flawed decision making</li> <li>• Poor Quality Services</li> <li>• Failure to identify and/or to communicate risks appropriately;</li> </ul>	<ul style="list-style-type: none"> <li>• SOA, Corporate and Service Plans (including PI's);</li> <li>• Clear &amp; up to date Job Descriptions for members &amp; officers;</li> <li>• Democratic process;</li> <li>• APDS and Committee Specific Training for Members;</li> <li>• Code of conduct</li> <li>• Standing orders via scheme of delegation.</li> <li>• Legal Implications included in Committee reports;</li> <li>• Annual Governance Statement;</li> <li>• Corporate consultation on draft committee reports;</li> <li>• Contingency Plans &amp; Officials Indemnity Insurance</li> <li>• Policy, Guidance &amp; Monitoring;</li> <li>• Professional Indemnity and Officials Liability Insurance.</li> <li>• PSIF &amp; REFLECT;</li> <li>• CRM Policy, Framework &amp; Guidance &amp; Risk Registers</li> </ul>	<ul style="list-style-type: none"> <li>• CMT;</li> <li>Member Scrutiny via defined Committee Structure;</li> <li>• Standards Commissioner;</li> <li>• Internal and external audit and other inspections.</li> <li>• SPSO;</li> <li>• Service management meetings.</li> <li>• Horizon Scanning for legal changes;</li> <li>• Internal and External Audit and other inspections;</li> <li>• Member scrutiny via established committee structure.</li> <li>• Monitoring Officers</li> <li>• Working Groups inc PVG, Integrating Care; CAPSG; MAPPA;Children's Commission</li> <li>• Lessons learnt from previous events;</li> <li>• Best Value Working Group;</li> <li>• CRMG Scrutiny;</li> </ul>
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**7. Failures in partnerships or contracts with external bodies.**

- No delivery mechanism for plan/ project;
- Failure/ deteriorating performance of partners;
- Interruption to supply chain;

- Failure to achieve aims of partnership or contract;
- Failure to prioritise partner funding effectively;
- Harm to service users;

- Failures in procurement & partnership governance;
- A national trend of more legal challenges against procurement decisions;

- Failure to deliver core services;
- Financial Loss;

- Customer Service Issues & consequences thereof;

- Failure to achieve SOA, corporate and other objectives;
- Detrimental impact on partner organisations;
- Prosecution or other legal action.

- Time/ Cost / Quality of project outcomes is compromised;
- Increased cost of investigating & defending legal challenges and PR impact;

- SOA, Corporate and Service Plans;
- JWA's. FPP (Follow the Public Pound) & Supplier Monitoring;

- Suppliers/partners business continuity arrangements – inc measuring return on investment / impact of funding;

- Partnership Agreement and Contracts, with legal input;
- PSIF;

- Surety e.g. Performance & Parental Guarantee / Insurance
- Procurement Policies, inc appointment of consultants;
- Robust claims defences.

- CMT & Member scrutiny via established committee structure
- Partnership & Procurement Board;

- Testing of supplier BCP;

- Internal and external audit and other inspections;

- Best Value Working Group, and Peer Review Groups;
- Evidence of surety at renewal;

- SLA's

**FALKIRK COUNCIL**

**Subject: REVIEW OF WORKING GROUPS**  
**Meeting: AUDIT COMMITTEE**  
**Date: 23 September 2013**  
**Author: DIRECTOR OF DEVELOPMENT SERVICES**

**1. INTRODUCTION**

- 1.1 Members will recall the decision at the previous meeting to undertake a more detailed assessment of Corporate Working Groups (CWG's), with the aims below:
- To develop a clear Corporate view of CWG's, by mapping them together under the Corporate Risk Register (CRR) headings;
  - To identify the terms of reference, membership and reporting lines for all CWG's;
  - To develop a structure for CWG's to report to CRMG, in order to improve scrutiny and minimise the risk of gaps e.g. the failure to escalate risk issues which a group identifies as needing further corporate attention;
  - To consider rationalisation of CWG's, where appropriate.
- 1.2 The purpose of this report is to provide Members with an update on the findings of this review, and to advise them of the next steps which are proposed.

**2. FINDINGS**

- 2.1 Appendix 1 provides an organisation chart of CWG's. These are grouped by the categories used within the CRR
- 2.2 A more detailed schedule is provided in Appendix 2 – in particular, the schedule includes the terms of reference, membership and key risks for each CWG.
- 2.3 Most of the risks addressed by CWG's are not currently captured in CRMG agendas, although these may be indirectly discussed in other forums, for example CMT or Committees.
- 2.4 Public Protection is addressed by various CWG's, and lead by multiple Services, for example:
- Corporate Parenting Group: This is the lead group for policy relating to 'Looked After Children', and it is lead by the Head of Policy, Technology & Improvement;
  - Child & Adult Protection Strategy Group (CAPSG): This is primary internal group for protection issues, and is lead by the Chief Executive;
  - Health & Social Care Partnership & Children's Commission. Multi-Agency Groups;
  - Safer Recruitment (PVG\* Scheme for employees). Lead by Human Resources;
  - PVG\* WG (non-employees issues e.g. volunteers). Lead by Governance.

\*PVG means 'Protecting Vulnerable Groups' scheme – Disclosure Scotland.

- 2.5 A new multi-agency group is proposed to lead on protection issues i.e. the G5 Reporting Group. It is anticipated that this will have representation from the Chief Executives of the 3 local Council's (Falkirk, Clacks and Stirling); the Chief Executive of NHS Forth Valley; and a Senior Officer from Scotland Police.
- 2.6 A number of CWGs are to be established (e.g. DEN – Disabled Employee Network), re-started (e.g. PVG, Corporate Funding Review and Corporate Parenting); or amended (e.g. ICT Strategy Group is now the Improvement & Governance Board).

### **3. NEXT STEPS**

- 3.1 CRMG have agreed that CWG activity will be reported within 6-monthly Service Risk Reports to CRMG, and risk will also be aligned with performance reporting.
- 3.2 A consequence of broader and more regular reporting to CRMG is that the agenda is likely to become fuller. Therefore, subjects which currently report at most meetings – such as insurance, emergency planning and safety - will be reported within Service risk updates, unless circumstances dictate otherwise.

### **4. RECOMMENDATIONS**

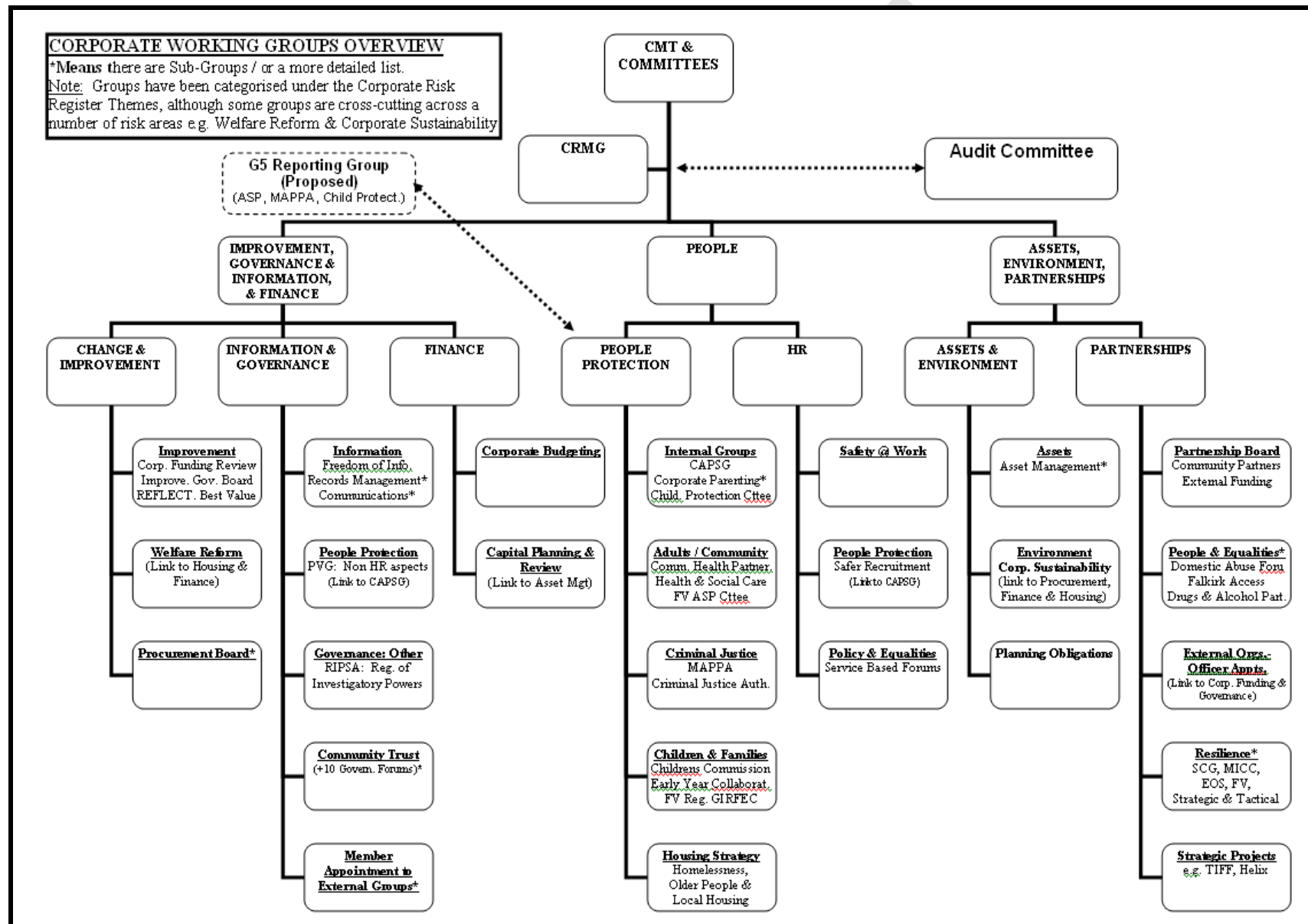
#### **4.1 Members are invited to note:**

- 4.1.1 the findings of this review;
- 4.1.2 the proposed reporting structure and frequency of reports to CRMG;
- 4.1.3 the working groups list will be updated annually, as part of a review of the effectiveness of CRMG, and the findings of this review will be communicated to the Audit Committee.

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**Director of Development Services**

**Date: 10 September 2013**

## Appendix 1: CORPORATE WORKING GROUPS OVERVIEW



## Appendix 2: CORPORATE WORKING GROUPS SCHEDULE

Risk Category	Committee/ Group	Reports To	Meetings Per Year	Chaired By	Members	Terms of Reference / Objectives	Top 5 Risks
Information	(1) Records Management (+ 1 Sub Group)	Governance DMT	4	D Turnbull	L Strathie/ K Sodden/ F Cairney/ M Farr/ S Blackie/ A Findlay/ A Patrick/ I Peat/ E Reid/ N Duthie/ C Young	(1) To ensure that the Council meet statutory obligations. (2) Developing, assessing and reviewing the Council's Records Management Plan as required under PRSA (Public Records Scotland Act).	(1) Data Protection: Risk of sensitive information being incorrectly disclosed. (2) Document Retention: Inappropriate processes & guidance could result in negative PR and fines.
	(2) FOI Liaison	CMT	4	G McIntyre	D Turnbull/ A Steel/ W Barber/ L Strathie/ M Farr/ A Patrick/ S Blackie/ A Findlay/ L Gow/ F Cairney/ L Sharp/ N Kerr/ J Forsyth	(1) To ensure a consistent approach to the practical, day-to-day application of the FOI Act across the Council, based on legal, CMT and Scottish Information Commissioner guidance as appropriate.	(1) Fines from Information Commissioner. (2) Negative PR due to enquiries or fines. (3) Surprises for Snr Mgrs - due to inappropriate approval processes. (4) Inconsistent application of guidance.
Governance	(3) Civic Events	Falkirk Council	As required	D Robb	Members & Officers, as required	(1) To co-ordinate community events - both Council & partner run events. (2) Develop an annual events calendar. (3) Assess & plan resources needed. (4) To improve / refresh events. (5) To manage contractors.	(1) Events not adequately planned - negative PR & inefficient use of people and funds. (2) Events do not continue to reflect the needs/ wishes of communities. (3) Failure to manage contractors - potential logistical, financial, legal and safety issues.
	(4) Safer Recruitment (5) PVG Group: Non-employees	Governance/ HR DMT	4 TBC	HR C Moodie	All Services. To Be Established.	(1) To implement PVG disclosure checks– both employees & volunteers. (2) To ensure that the PVG scheme is effectively understood & implemented. (3) Safer recruitment – to protect the Council & public.	(1) Child/ Adult protection issues. (2) Increased cost due to wrong employees / contractors/ volunteers in post (3) Civil claims & negative PR. (4) Data protection.
	(6) RIPSA (Regulation of Investigatory Powers (Scotland) Act	Governance DMT	T BA	R-M Glackin	P Gilmour	(1) To ensure compliance and understanding of the Act. (2) Monitor & review use of surveillance. (3) To detect & monitor (e.g) crime, anti-social behaviour & tenancy breaches.	(1) Complaints to the Investigatory Powers Tribunal (IPT). (2) Quashing of any warrants, destruction of any records held or financial compensation. (3) Human Rights Act claims.



Risk Category	Committee/ Group	Reports To	Meetings Per Year	Chaired By	Members	Terms of Reference / Objectives	Top 5 Risks
Community Trust Governance (1)	(7) Strategic Development Strategic Focus (CTSPF)  (+ 1 Sub Group)	Trust CEO/ CMT	4	M Campbell	I Henderson Council Leader  Cttee. Convenors & Other Officers as required.	(1) To discuss and monitor the Trust's performance & forward planning. (2) To assess delivery of strategic objectives as part of SOA process. (3) To inform the Trust of the strategic direction of the Council.	<p>(1) Lack of agreed objectives.</p> <p>(2) Inadequate monitoring and reporting of performance and spend - failure to identify deviations from plan early.</p> <p>(3) Strategic Objectives / Outcomes do not support the SOA.</p> <p>(4) Lack of understanding between the Council and Trust on strategic plans &amp; how each contribute to them.</p> <p>(5) Emerging issues are not identified or responded to quickly enough.</p> <p>(6) Inappropriate governance &amp; risk management arrangements within Trust</p> <p>(7) Inadequate forward planning (e.g. ICT, Assets, Policy &amp; Communications) could hinder performance.</p>
	(8) Chief Executive Liaison Meeting		2	M Pitchaithly / M Campbell	M Pitchaithly M Campbell	(1) To maintain dialogue between Trust & Council (2) To ensure that emerging issues are captured on both sides.	
	(9) Performance, Business Plan and On-going monitoring		4	A Wilson	A Wilson D Cairney Other officers as required.	(1) To review Trust Performance. (2) Discuss policy, press & promotion. (3) Monitor Trust's approach to risk mgt	
	(10) Trust - HR and Financial Management		4	M Campbell	K Algie/ T Gillespie/ J Simpson/D Cairney/ Trust Mgt Team.	(1)To consider forward planning for all Trust HR & Finance matters. (2) To review the HR & Finance SLA's.	
	(11) Asset Management - Strategic & Operational Focus		8	D Duff/ R Millard	R McMaster/AUrqart A Templeman/ C McGhee/ N Brown / P Finnie / Other Trust Officers as required.	(1) Forward planning and review of performance in respect of property & ICT assets being managed by Trust (2) To consider policy, plans and SLA's. (3) To establish systems for recording and authorising the day to day work.	
	(12) ICT & Policy Management		4		F Campbell (C&N) / Other Officers as required.		
	(13) SLA Review		1	M Campbell	I Henderson (Gov)/ D Cairney (Fin)/ Heads of Service for each SLA/ Trust Mgt Team.	(1) To review the SLA performance, budget matters and discuss any variations required by either party.	

Policy, Technology and Improvement	(14) Corporate Funding Review (external funding) (+ 5 Sub Groups)	CMT	TBC	F Campbell	To Be Established.	(1) Ensure that spend via JWA (Joint Working Agreements)/SLA's achieves priorities In the Corporate Plan. (2) Identify & recommend savings in allocations to external organisations.	(1) Funds are allocated to areas which do not contribute to corporate objectives. (2) Shortfall in priority areas. (3) Inappropriate charging & grant structures e.g. charges for use of council premises.
	(15) Welfare Reform	CMT	As required		Service Managers	(1) Prepare for implementation of reforms - in particular Housing Services.	(1) Failure to adequately manage change. (2) Inappropriate services. (2) Increased rent arrears.
	(16) Corporate Parenting Strategy Group	CMT & Child. Commission	TBC		C Moodie All Council Services inc. CF&CJ, Housing, and ETU sections	(1)To develop Strat. & Action Plan (2) To report on strategy progress. (3) To ensure governance arrangements are fit for purpose.	(1) Not protecting Looked After Children. (2) Not meeting needs of LAC. (3) Failure to deliver on Action Plan. (4) Negative PR, inspection reports, and claims.
	(17) Best Value Working Group	CMT	12		C Binnie/ A Wilson / D Cherry/ E Costello / C McGhee/ A Temple D Turnbull/ P Morgan-Klein/ S Thomson	(1) Steers implementation of Best Value and Performance Mgt. policies and procedures within the council. (2) A forum for sharing good practice.	(1) Inadequate performance reporting. (2) Unable to demonstrate best value. (3) Missed Opportunities to highlight good practice.
	(18) Improvement Governance Board (was ICT Strategy)	CMT	6	A Wilson	To Be Established.	(1) Oversees the delivery of ICT & improvement Strategy & investment. (2) Strategic leadership for change. (3) Communicates challenges and priorities arising beyond the Council and influences corporate decisions.	(1) Failure to achieve/ demonstrate best value. (2) Increased scrutiny e.g. more frequent best value audits instead of self assessment. (3) Reputational consequences.
	(19) REFLECT	CMT	12	A Stewart,	S Roushan/ C Morland/ D Cherry J Clark/ R Laley/ J Brown/ M Davies/ S Thomson A Finlay/ D Maden/ D Turnbull	(1) To develop service capabilities for improvement. (2) To work with services to implement REFLECT/ self assessment reviews. (3) To share best practice from reviews.	(1) Failure to identify (or maximise) opportunities for service improvements. (2) Reduced funding for priority services because funds are not used effectively. (3) Negative best value audits.
	(20) Procurement Board	CMT	4	Stuart Ritchie, C&N Service Director	W McQuilliam  Service Reps (Chief Officer Level)	(1) Maintaining high standards of corp. gov. & implementing best practice. (2) Embedding Sustainable procurement into all our activities. (3) Improving access to our contracts - particularly for local business & SMEs. (4) Improving officer skills & awareness (5) Collaborating to deliver Savings.	(1) Failure to deliver Corporate priorities (e.g. a failure to integrate sustainability). (2) Changes in demographics, social or economic trends – impact on service demands. (3) Capacity to deal with e-procurement. (4) Insufficient data to monitor spend & suppliers (5) Operations do not continue to be competitive and deliver value / quality (e.g. outsourcing).

Risk Category	Committee/ Group	Reports To	Meetings Per Year	Chaired By	Members	Terms of Reference / Objectives	Top 5 Risks
People: Protecting Vulnerable Individuals	(21) Child and Adult Protect. Strategy Group (CAPSG)	CMT	4	M Pitcaithly	C Moodie/ M Anderson	(1) <b>Internal Lead</b> on Chlid & Adult Protection issues.	(1) Failure to provide adequate care & housing services to vulnerable people in the community.  (2) Safety & Civil Claims.
	(22) Housing & Social Care Partnership Board (+ circa. 30 Sub Groups)	CMT & Housing & SW Partner Board	TBC (monthly?)	Multi-Agency J Litts M Anderson	SW & Housing  Multi-Agency Partners	(1) <b>Multi-Agency Care Lead</b> (2) To support vulnerable people to live safely in their own homes/communities. (3) To provide suitable Housing & Community Care	(3) Adverse PR.  (4) Negative inspection reports by Care Commission and Housing Inspectorate.
	(23) Integrating Care (NHS / SW Integration)		TBC (Quarte	Scottish Government  Reg'd Social Landlords (RSL's)	SW & Housing Service Managers	(1) Re-design of Services to take account of changes - in particular, Adult Community Care.	(5) Failure to meet SHQS requirem'ts (Scottish Housing Quality Standards).
	(24) Homeless Strategy Group		4	Homes for Scotland	E Hood Housing SW Managers		(6) Lack of resources (particularly financial) to deliver LHS targets.
	(25) Local Housing Strategy (LHS) Steering Group		4	Assoc. of Landlords	S Bentley/ E Hood/ K Gillespie/ DMcCart/ SThompson/ C Hemfrey/ B Roddie	(1) To oversee implementation of LHS. (2) To take account of Scottish Govt. guidance, good practice and the changing financial environment.	(7) Changing environment, such as welfare reform.
	(26) Older Persons Strategy Working Group.		4	J Litts	J Litts/ S Bentley/ D McCart/ SThompson/ L McGhee/ G McNamara/ 4 RSLs	(1) To develop an Older Peoples' Housing Plan; Joint Strategic Commissioning Plan; and a Housing Contribution Statement. (2) To link these plans to the National Older Peoples' Housing Plan.	(1) Housing and Social Work are delayed in delivering and implementing the Older Peoples' Housing Plan by impending health and social care integration
	(27) Falkirk Multi-Agency Domestic Abuse Forum	Community Safety Partnership	4	HR	SW, Housing, Educ & voluntary organs e.g. Women's Aid, Rape Crisis, Open Secret	(1) To ensure all areas of domesitc abuse are being addressed. (2) To ensure that prevention work is being progressed.	(1) Increased domestic abuse incidents. (2) Reduced support for victims.
People: HR	(28) Service Based Forums	JCC	12	Service Directors	Service DMT's / TU Reps	(1) Employee engagement & consultation e.g.safety, absence, policy	(1) Poor communications or breakdown in relationship between services and TU's could lead to employee unrest and service disruption.
	(29) Falkirk Access (+2 Equal. Groups)	HR	8	Scot. Execut. Disability Equality Forum	P McGrellis, HR Multi-Agency	(1) To discuss needs of disabled public. (2) DEN – Disabled Employee Network. (3) LGBT Regional Group.	(1) Inequalities and discrimination. (2) Reduced morale / productivity. (3) Potential equalities claims.
	(30) Safety @ Work	HR	6	R Edward	S Soroka/ A Patrick/ S Blackie/ A Findlay/ C Morland/ A Smith	(1) Monitor & discuss policy & guidance (2) To share best practice & lessons (3) Monitor implementation of policy	(1) Accidents, Injuries, Absences. (2) Fines, prosecutions & claims.Reduced Moral (3) EAI's & HSE enquiries – time & PR

<b>Risk Category</b>	<b>Committee/ Group</b>	<b>Reports To</b>	<b>Meetings Per Year</b>	<b>Chaired By</b>	<b>Members</b>	<b>Terms of Reference / Objectives</b>	<b>Top 5 Risks</b>
<b>Finance</b>	(31) Corporate Budget	CMT	As required	B Smail	B Smail/ J Flannigan/ K Algie/ F Campbell/ G Greenhorn K McCarroll RM Glackin/ D Duff	(1) To develop and monitor delivery of the Corporate Budget.	(1) Council fails to deliver budget. (2) Members fail to agree savings. (3) Members fail to agree budget strategy
	(32) Capital Planning and Review	CMT	6-8	C McGhee/ A Templeman	R McMaster G Greenhorn/ D Duff/ D McGhee/M Reddie/ A Urquhart F Campbell RM Glackin/Others	(1) To develop and monitor delivery of the Capital Program. (2) To ensure best value spend. (3) To ensure spend within budget. (4) To communicate plan with stakeholders (e.g. CMT & Members).	(1) Capital programme not delivered. (2) Capital programme is over budget. (3) Monies are not spent on priorities. (4) Members are not kept informed. (5) Services affected as result of above.
<b>Assets</b>	(33) Asset Management Group (+4 Sub Groups)	CMT	6	D Duff	Service Representatives	(1) To develop & monitor the Corporate Asset Mgt Plan & associated Asset Plans (property, roads, open space, fleet, ICT and housing). (2) To monitor Best Value & Best Fit. (3) To link asset, capital and strategic planning & link to FV Asset Strategy. (4) Rationalisation & efficiency savings.	(1) Deterioration & increased depreciation. (2) Not fit for purpose - excessive maintenance. (3) Insufficient util.& rationalisation of buildings. (4) Environ. Impacts – ops. not energy efficient. (5) Financial Challenges e.g. savings on external rents, running costs etc. (6) Mis-alignment of asset & capital planning – capital shortfalls require more revenue savings.
<b>Environment</b>	(34) Corporate Sustainability	CMT/ CRMG Service Sustainability Teams	4	R Geisler	B Roddy/ M Bonnar D McGhee/ J Angell R McMaster J Flannigan B Pirie/ S Thomson S Rolfe/ R Cartwright	(1) To develop a corporate approach to sustainability issues inc climate change (2) To share best practice amongst services – via Sustainability Teams. (3) To monitor the implementation of corporate sustainability policy & targets. (4) To monitor emerging sustainability & climate change issues, and decide how to meet legal obligations & targets.	(1) Legal e.g. EU Directives on waste, Strategic Environmental Assessments & Climate Change. (2) Financial - energy costs, emerging related taxes, whole life costing. (3) Climate change – impact on Council area, its estate & service delivery. (4) Reputational: Fulfilling commitments made in Scotland's Climate Change Declaration e.g. minimising carbon emissions.

Risk Category	Committee/ Group	Reports To	Meetings Per Year	Chaired By	Members	Terms of Reference / Objectives	Top 5 Risks
Partnerships & Change	(35) Internal Groups a) Strategic Resp. b) Tactical Resp.	CMT	As Required	Head of Service – Depends on nature of the emergency e.g. pandemic flu or winter.		(1) Internal emergency management co-ordination	(1) Injury, Death, Damage to Property (2) Claims e.g. businesses hit by flood (3) Reputational damage.
	(36): Strategic a) Strategic Co-ordinating Group (SCG) b) Support Group (+4 Sub Groups)	CMT	4	Multi-Agency	M Pitcaithly R Geisler / M Wilson M Anderson/ C Binnie Emergency Services Voluntary Organisat's	(1) Statutory response to public emergencies. The Council are Category 1 responders and work with emergency services & voluntary organisations.	
	(37): Regional-EOS (Until Nov 2013) EOS* Reg. Groups a) Fut Res. Structure b) Reg. Resilience Partnership (+4 Sub Groups)	CRMG	As Required		Regional Reps from SOLACE & LARGS*  Local Authorities Emergency Services Voluntary org's.	(1) Regional emergency management co-ordination (2) Managing change in emergency services structures i.e. creation of national police & fire services.	(1) Ineffective mgt of change (2) New structures do not support effective response.
	(38): Regional-EOS- Anticipated: Nov '13+ a) Reg. Res. Group b) Bus. Mgt. Group c) FV Local Res Partnership		4		M Pitcaithly R Geisler / M Wilson M Anderson/ C Binnie EOS Local Authorities Emergency Services Voluntary Organisat's.	(1) Regional emergency management co-ordination (2) Anticipated Structures.	(1) Injury, Death, Damage to Property. (2) Claims e.g. businesses hit by flood. (3) Reputational damage. (4) Non compliance with COMA*
	(39) Grangemouth Major Incident Control Committee (MICC)				M Wilson Industry Reps Emergency Services HSE SEPA* COMA*	(1) Statut. duty to comply with COMA*. (2) To plan for and respond to emergency at Grangemouth. (3) Co-ordinate learn. & development. (4) Co-ordinate 2 DISCO (Disaster Control) exercise's annually.	
	(40) Planning Obligations	Development Director	4	J Angell	A Rodger Service Officers	(1) To design, maintain and operate a corporate monitoring system for planning obligation agreements and finance.	(1) Failure to spend / implement projects in accordance with terms of agreements. (2) Failure to track income. (3) Loss of staff /knowledge continuity. (4) Breakdown in inter-service communications. (5) Legal challenge.