

Standards, Audit and Risk Committee

Committee Room 2, Floor 5, Fife House, North Street,
Glenrothes / Blended meeting



Thursday 14 March, 2024 - 10.00 a.m.

AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** - In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **CHANGE TO MEMBERSHIP OF THE COMMITTEE** - The committee is asked to note that Councillor Aude Boubaker-Calder has been appointed as a member of the Standards Audit and Risk committee, replacing Councillor Gary Holt.
4. **MINUTE** - Minute of the meeting of the Standards, Audit and Risk Committee on 18 January 2024 3 - 6
5. **ISSUED AUDIT REPORTS** – Report by the Service Manager - Audit and Risk Management Services 7 – 13
6. **INTERNAL AUDIT PLAN PROGRESS REPORT** – Report by the Service Manager - Audit and Risk Management Services 14 – 24
7. **AZETS - ANNUAL AUDIT PLAN FIFE COUNCIL 2023/24** – Report by the Head of Finance 25 – 75
8. **WHISTLE BLOWING POLICY UPDATE** – Joint report by the Service Manager - Audit and Risk Management Services, the Head of Human Resources and the Head of Legal and Democratic Services. 76 – 83
9. **STANDARDS, AUDIT AND RISK COMMITTEE WORK PLAN** – Report by the Executive Director Finance and Corporate Services 84 – 87

Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.

Lindsay Thomson
Head of Legal and Democratic Services
Finance and Corporate Services

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North Street
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Fife, KY7 5LT

7 March, 2024

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www.fife.gov.uk/committees

BLENDED MEETING NOTICE

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

THE FIFE COUNCIL - STANDARDS, AUDIT AND RISK COMMITTEE - BLENDED MEETING

Committee Room 2, Floor 5, Fife House, North Street, Glenrothes

18 January 2024

10.00 am – 12.00 pm

PRESENT: Councillors Dave Dempsey (Convener), Tom Adams, Lesley Backhouse, John Beare, Al Clark, Gary Holt, Sarah Neal, Gordon Pryde and Ross Vettraino (substituting for Ann Verner).

ATTENDING: Eileen Rowand, Executive Director Finance and Corporate Services, Elaine Muir, Head of Finance, Pamela Redpath, Service Manager - Audit and Risk Management Services, Carolyn Ward, Audit Team Leader, Clare Whyte, Risk Management Team Leader, Robert Norrie, Risk Management Co-ordinator, Jacqueline Armitage, Service Manager - Transactions Team; Pam Ewen, Head of Planning; Shelagh McLean, Head of Education and Childrens Services (Early Years and Directorate Support), Mark Smith, Service Manager, Education Children's and Families Service Manager- Fife Wide, Zoe Thomson, Quality Improvement Officer – Equity, Education and Children's Services; Martin Kotlewski, Service Manager – BTS Solutions and Service Assurance, Andy Milne, Service Manager – BTS Technical and Hosting Core; Paul Vaughan, Head of Communities and Neighbourhoods Service, Craig Waddell, Service Manager - Corporate Development, Communities and Neighbourhoods Service; Lynne Johnston, Business Change Manager, Housing Operations and Regeneration; Barbara Cooper, Human Resources Service Manager, Health Safety and Wellbeing and Steven Michie, Lead Officer – Health and Safety and Wellbeing; Lindsay Thomson, Head of Legal and Democratic Services, Helena Couperwhite, Manager - Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

ALSO ATTENDING: Amy Hughes, Assistant Manger Public Sector External Audit and Karen Jones, Director of Audit and Assurance, Azets Audit Services.

APOLOGIES FOR ABSENCE: Councillors Graeme Downie and Ann Verner.

72. DECLARATIONS OF INTEREST

No declarations were submitted in terms of Standing Order No. 22.

73. MINUTE

The committee considered the minute of the meeting of the Standards, Audit and Risk committee on 9 November 2023.

Arising from the minute, with reference to paragraph 70(2), the committee noted that a workshop was to be arranged in early March 2024 to facilitate discussion on Common Good assets, governance and management arrangements. An invitation to attend the workshop would be issued to members of the Standards, Audit and Risk Committee and members of the seven Area Committees.

Decision

The committee agreed to approve the minute.

74. 2023/24 ISSUED AUDIT REPORTS

The committee considered a report by the Service Manager, Audit and Risk Management Services summarising findings from the Internal Audit Reports finalised since the meeting of the committee on 9 November 2023. Areas of concern were highlighted and, if applicable, instances where Services were not taking appropriate action.

Decision

The committee noted the contents of the report, including the summary of findings detailed in Appendix 1 of the report.

75. RISK MANAGEMENT UPDATE

The committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on the Strategic Risk Register review process and the new Strategic Risk Register, including the level of residual risk the Council was exposed to as at 17 November 2023.

Decision

The committee:-

- (1) noted the key stages of the comprehensive Strategic Risk Register review process as well as their collaborative nature and timeous completion;
- (2) noted the level of residual risk that the Council was exposed to as at 17 November 2023;
- (3) agreed to approve the Council's new Strategic Risk Register detailed in Appendix A to the report;
- (4) thanked officers across the Council and members of the Audit and Risk Management Team involved in the substantial work in relation to the preparation of the finalised Strategic Risk Register; and
- (5) noted that further updates on Risk Management arrangements would be provided in line with the approved Policy and Strategy document.

Councillor Vettraino left the meeting during consideration of the above item.

The Committee adjourned at 11.35 am and reconvened at 11.40 am

76. STANDARDS UPDATE – ANNUAL REPORTS, HEARING OUTCOMES AND CONSULTATIONS

The committee considered a report by the Head of Legal and Democratic Services advising that the Ethical Standards Commissioner for Scotland and the Standards Commission for Scotland had published their annual reports for 2022/23: to report on the findings of the Hearing Panel of the Standards Commission for Scotland during the period and advising on the current consultations.

Decision

The committee:-

- (1) noted the Ethical Standards Commissioner for Scotland Annual Report for 2022/23, detailed in section 1 of the report;
- (2) noted the Standards Commission for Scotland Annual Report 2022/23, detailed in section 1 of the report;
- (3) noted the decisions of the Hearing Panel of the Standards Commission for Scotland, which would continue to be monitored and appropriate reports and/or advice given to the Council if required, detailed in section 2 of the report;
- (4) noted that there had been one hearing related to a Fife Council Councillor in 2022/23, the outcome of which was reported to full Council in September 2023;
- (5) noted that the Monitoring Officer would continue to offer comment on the draft revised guidance on the Councillors' Code of Conduct through the SOLAR working group; and
- (6) agreed to delegate any Fife Council response to the following consultations, detailed in section 3 of the report, to the Head of Legal and Democratic Services in consultation with the Convener and Depute Convener of the Standards, Audit and Risk Committee and the Spokesperson for Finance, Economy and Strategic Planning
 - (a) a Standards Commission for Scotland draft strategic plan for 2024-2028 (comments due by the end of January 2024); and
 - (b) the Ethical Standards Commissioner's draft strategic plan 2024-2028 (comments due by the end of January 2024).

77. FIFE INTEGRATION JOINT BOARD (IJB) 2022/23 INTERNAL AUDIT REPORT

The committee considered a report by the Service Manager, Audit and Risk Management Services presenting an internal audit report from the Fife Integration Joint Board's 2021/22 Internal Audit Plan on Clinical and Care Governance.

Decision

The committee noted:-

- (1) for assurance purposes, the information contained in the Clinical and Care Governance internal audit report detailed in Appendix 1 of the report; and
- (2) members' concerns that the information contained in the Internal Audit report did not meet accessibility requirements. The committee also suggested an explanation of the acronyms used throughout the document for future reports and requested their comments be raised with the Fife Integration Joint Board for consideration.

78. STANDARDS, AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME

The committee considered a report by the Executive Director, Finance and Risk Management Services presenting the workplan for future meetings of the committee.

Decision

The committee noted that members would come forward with suggestions for specific areas they would like to see covered in any of the reports.

14 March 2024

Agenda Item No. 5

Issued Audit Reports

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to members of the Standards, Audit and Risk Committee a summary of findings from the Internal Audit Reports that have been finalised since the last meeting of the Standards, Audit and Risk Committee. The reports highlight any areas of concern and, if applicable, instances where Services are not taking appropriate action.

Recommendation(s)

Members are asked to note the contents of this report, including the summary of findings at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without suitable internal controls, there is an increased risk that Services and / or the Council will not achieve their objectives.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

- 1.1 Audit Services provides an assurance function that gives the Council an independent and objective opinion on the control environment by evaluating its effectiveness in achieving its objectives. It examines, evaluates and reports objectively on the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 This report provides a summary of audit reports issued since the last report to this Committee. It describes key findings and highlights areas of concern.

2.0 Analysis of Issued Audit Reports

- 2.1 To enable the Standards, Audit and Risk Committee to form an opinion on the effectiveness of the internal control environment, to provide assurance where internal controls are working well and to highlight areas for concern, the Service Manager – Audit and Risk Management Services, prepares a report which provides a summary of the audit reports issued by Audit Services.
- 2.2 The reports issued in the current period relate to audits from the 2022/23 and 2023/24 Internal Audit Plans. A short outline of each report is contained in Appendix 1.
- 2.3 Following each completed internal audit / fraud risk report, Services are asked to complete a Post Audit Review (PAR) exercise. This indicates:
 - the Service's progress in implementing agreed recommendations;
 - reasons for non-implementation; and
 - explanations for redundant recommendations.
- 2.4 The results of all PAR exercises are reported to Standards, Audit and Risk Committee separately.

3.0 Conclusions

- 3.1 In Audit Report 08/23 - Community Equipment Service – Fife Equipment Loan Store (FELS) we have made one Critical recommendation. This grading is applied where we have identified a weakness in existing controls “where the risk is sufficiently high for the matter to be reported in the Annual Assurance and Corporate Governance Statements”.
- 3.2 We found that there was no appropriate process in place to ensure that all items of equipment are serviced on time, or at all, so that they continue to be safe for service users. Servicing of equipment is not always carried out and when it is, it is often significantly past the due date. Equipment is defined in the Scottish Government Guidance as any item or product system, whether acquired commercially or off the shelf, modified or customised that is used to increase the functional capabilities of individuals with disabilities. Community equipment includes equipment for daily living and equipment for people with sensory impairments.
- 3.3 The Health and Social Care Partnership and Place Directorate have already confirmed the contractor, responsible for the servicing of equipment, has given assurances that all overdue servicing will be completed by the 31 March 2024.
- 3.4 In addition to the above finding, this period's audits reveal some instances of non-compliance with the Council's governance arrangements. However, these are not systemic failings and, in general, satisfactory procedures are in place and being followed.
- 3.5 Appropriate actions have been agreed in all instances to address audit recommendations made and implementation of those actions will improve the council's control framework.

List of Appendices

1. Summary of Audit Reports Issued

Report Contact: Carolyn Ward

Audit Team Manager, Audit and Risk Management Services

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SUMMARY OF FIFE COUNCIL AUDIT REPORTS	
<p>1. Finance and Corporate Services - Legal and Democratic Services</p> <p>Data Breach Management</p> <p>Report (06/23)</p>	<p>This audit reviews the arrangements in place for data breach management to ensure Fife Council meets its Data Protection Act 2018 and UK General Data Protection Regulation (GDPR) obligations. This includes data breach detection, reporting, investigating and monitoring. It forms part of the 2023/24 Internal Audit Plan.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 4 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • The data breach guidance does not clearly specify which details staff / elected members must provide when reporting a breach to the DP Team, such as: <ul style="list-style-type: none"> ➤ the nature of the breach; ➤ how and when the breach occurred; ➤ how, when and by whom it was detected; ➤ the data and data subjects affected; and ➤ actions taken to contain / manage the breach. • Existing staff / elected members are not regularly made aware of the Council’s guidance and requirements for reporting data breaches. • The DP Team has no documented procedures detailing its data breach management-related activities e.g. breach risk assessment procedure. • It is difficult to confirm if data breach incidents are reported immediately to the DP Team in each case as the incident date / detection date are not always provided to, or obtained by, the DP Team and / or recorded on the incident log. • The DP Team recorded 270 minor breaches in the incident log for calendar year 2023, of which 101 related to issues with emails. Of those 101 breaches, 75 were caused by emails being sent to the wrong people. • Two major breaches were recorded in 2023. The Information Commissioner’s Office (ICO) is not always notified of a data breach within 72 hours of it being identified. For example, it was not notified of a major breach reported to the DP Team in mid-January until the end of February because the full extent of the breach was unknown at the outset.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • The findings / outcome(s) of investigations by Services are not always reported to the DP Team and / or promptly recorded on the incident log. Where an investigation is ongoing, the DP Team does not properly monitor the breach to ensure it is addressed fully and promptly. • Two of the 14 data breaches (including the two major breaches) checked as part of the audit fieldwork, had not been fully risk assessed to determine their impact and likelihood of harm. Risk assessments for another three breaches were not accurately reflected on the incident log following their subsequent regrading. • Under its current layout, the incident log does not capture all relevant information, such as advice given and progress updates, and is not properly completed or kept up to date. • There is no formal process for sharing lessons learned to prevent the recurrence of similar data breaches across the Council. <p>Satisfactory actions have been agreed to address the 10 audit recommendations (2 Substantial and 8 Moderate) in the report by 31 May 2024.</p>
<p>2. Corporate</p> <p>Salary Overpayments</p> <p>Report (07/23)</p>	<p>This audit reviews the Council's salary overpayments policy, processes and procedures in place to manage, monitor and mitigate salary overpayments. The review includes recovery and write off procedures. It forms part of the 2023/24 Internal Audit Plan.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 4 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • The Recovery of Overpayments Policy and Procedure (PY06) is not aligned with Fife Council's 'Integrated Income Collection and Debt Recovery Policy' in respect of affordability and related repayment duration considerations. • The overpayments process and procedure documents do not cover the whole process from discovery of overpayment to closure of the appeal process or write off e.g. omits calculation of overpayments and invoicing. • Oracle Cloud guidance for both Me and My Team are not clear and consistent in certain areas, particularly in relation to reporting of sickness, maternity and other absence.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • Training in the use of Oracle (My Team) as part of induction for employees appointed to management positions is not sufficient and records of training completed are not maintained. • Available training resources are not always taken up by Services that have significant overpayments. Although it should be noted that 1:1 targeted support has been initiated via the revised overpayment investigation process. • Some managers are unaware of the, albeit limited, reports currently available in Oracle that could help them to identify overpayments. • The spreadsheet log of appeals and write offs maintained by the Service Manager - Transactions Team is incomplete and is recognised internally as a working document rather than an official record. • The amount of overpayments in a number of Services is persistently high in spite of budget monitoring. Although it is noted that the questionnaire recently introduced to the overpayment investigation process is likely to address this over time. • Some Service management is not fully engaged in actions to prevent overpayments. <p>Satisfactory actions have been agreed to address the 11 audit recommendations (4 Substantial and 7 Moderate) in the report by 31 December 2024.</p> <p>Whilst the recommendations in this report are predominantly corporate in nature, in order for the Council to successfully reduce salary overpayments, the organisation is heavily dependent on all line managers complying with relevant corporate policies and procedures, as well as timeously processing payroll / employment-related changes.</p>
<p>3. Fife Health and Social Care Partnership and Place Directorate</p> <p>Community Equipment Service - Fife Equipment Loan Store (FELS)</p> <p>Report (08/23)</p>	<p>This audit reviews the arrangements in place at FELS, against recognised good practice, to help support delivery of an efficient and effective community equipment service. It forms part of the 2022/23 Internal Audit Plan.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 4 • System Materiality Grade 5 • Overall Risk High <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • The purpose, objectives and membership of the FELS Board and FELS Operational Group have not been documented. • A record of training required to be undertaken by the Stores staff is in place but does not record all training that is required and is not kept up to date. • Contracted drivers who deliver / uplift equipment on behalf of FELS are not supplied with identification to enable them to verify who they are before they enter a service user's home. • The Stock Adjustment report (write offs) has never been reviewed and is showing a total of 30,164 items with a value of £1,591,923. • There are no documented procedures covering stock write off. • Although our sample test confirmed that equipment was returned within the agreed timescales, there are no regular reports produced and reviewed by management to monitor whether all items of equipment are collected and recycled within the agreed timescales. • No charging is in place for items of equipment that are not returned from service users. • There is no appropriate process in place to ensure that all items of equipment are serviced on time, or at all. As a result, servicing of equipment is not always carried out and when it is, it is often significantly past the due date. More specifically, from a sample of 30 items of equipment, as at 14 November 2023, seven had been serviced on time, eight services had been carried out late (they had been carried out but were late by 15 - 60 weeks) and 15 remained outstanding (at that point had been overdue by 4 - 88 weeks). • Audit fieldwork identified that some of the data within TCES (the IT system – Transforming Community Equipment Services) is inaccurate. Discussions with management confirmed that one of the main reasons for this relates to the non-cleansing of data when it was migrated from the previous system. • TCES and Oracle are not linked, which reduces efficiency as manual spreadsheets are in place to allow stock to be ordered through Oracle. TCES is then updated when the stock is received by stores. • The current vehicle cleaning regime in place does not meet the requirements of the SLA. <p>Satisfactory actions have been agreed to address the 11 audit recommendations (1 Critical, 5 Substantial and 5 Moderate) in the report by 30 November 2024.</p>

14 March 2024

Agenda Item No. 6

Internal Audit Plan Progress Report

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee an update on the progress towards delivering the 2022/23 and 2023/24 Internal Audit Plans.

Recommendation(s)

Members are asked to note the update on progress towards delivering the 2022/23 and 2023/24 Internal Audit Plans at Appendix A and B respectively. The appendices have been updated to show the movement in status for each assignment since the last progress report was presented to Committee on 28 September 2023.

Resource Implications

None.

Legal & Risk Implications

Without suitable internal controls, there is an increased risk that Services and / or the Council will not achieve their objectives.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

None.

1.0 Internal Audit Plans – Progress Report

- 1.1 Standard 2060 of the PSIAS entitled Reporting to Senior Management and the Board states that “the chief audit executive must report periodically to senior management and the board on...performance relative to its plan” and that “reporting and communication to senior management and the board must include information about the audit plan and progress against the plan”. In addition, Standard 1110 of the PSIAS entitled Organisational Independence supports this requirement, stating that “examples of functional reporting to the board involve the board receiving communications from the chief audit executive on the internal audit activity’s performance relative to its plan”.
- 1.2 At a senior management level, this requirement is discharged by the Service Manager, Audit and Risk Management Services through established direct reporting channels to the Chief Executive, Executive Director of Finance and Corporate Services, Head of Finance (to whom the Service Manager, Audit and Risk Management Services reports administratively) and the Finance Management Team. This is the third report submitted to Committee during 2023/24 that provides a progress update against individual assignments contained within the 2022/23 Internal Audit Plan and the second progress report for the 2023/24 Internal Audit Plan. See Appendices A and B, which have been updated to show the movement in status for each assignment since the last progress report was presented to Committee on 28 September 2023.
- 1.3 Since the 2023/24 Internal Audit Plan was approved, the ongoing relevance of individual assignments within it has been monitored by Audit Services in collaboration with Council services. The reasons for this are two-fold, ensuring assignments are prioritised for delivery when appropriate and that the Council continues to utilise its limited internal audit resources in the most efficient and effective way. Discussions with services are continuing and it is likely that amendments to the plan will require to be made, with some assignments being carried forward into the 2024/25 Internal Audit Plan. Proposed amendments will be reported back to the Standards, Audit and Risk Committee for consideration in due course.
- 1.4 With the exception of three audit assignments, one (Works Orders) which will be at Final Report stage imminently and two (Future Workstyles and Impact Assessments), which have been paused as a result of planned internal developments in those areas, the revised 2022/23 Internal Audit Plan is now complete. In relation to progress towards delivering the 2023/24 Internal Audit Plan, 24 (70.5%) of the 34 individual audit assignments and 5 (83.3%) of the 6 formal follow-ups within it have commenced and are at various stages of the internal audit process. For further information in relation to progress towards delivering the 2022/23 and 2023/24 Internal Audit Plans and the assignments within them, see Appendix A and Appendix B respectively.

2.0 Conclusions

- 2.1 With the exception of three audit assignments, one (Works Orders) which will be at Final Report stage imminently and two (Future Workstyles and Impact Assessments), which have been paused as a result of planned internal developments in those areas, the revised 2022/23 Internal Audit Plan is now complete. Updates towards delivering those outstanding assignments will be submitted to the Standards, Audit and Risk Committee until their completion, along with updates towards delivering the 2023/24 Internal Audit Plan.

List of Appendices

- A. 2022/23 Internal Audit Plan – Progress Report
- B. 2023/24 Internal Audit Plan – Progress Report

Report Contact:

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2022/23 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S,A&R Committee Date
2022/23 INTERNAL AUDIT PLAN		Proposed Coverage		Status 28/09/23	Status 14/03/24
Governance Reviews					
Corporate Governance & Best Value (Service Level)	Review Service arrangements for meeting Best Value obligations, including Management Structure, Scheme of Delegation, Planning & Performance Reporting, managing to Fife Excellence Model (FEM) and providing annual assurance.			Advice & Guidance	Advice & Guidance
Oversight of 'Trust' Companies (ALEOs)	Service oversight of arm's length 'trust' companies, including contractual and governance arrangements, agreed objectives, and performance management and reporting mechanisms.			25/05/23	25/05/23
Future Workstyles	Review of the governance, monitoring and reporting arrangements in place to support the deployment of future workstyles and ensure consistency of approach e.g., blended and flexible working.			Fieldwork	Fieldwork
Media Relations	Review of the arrangements in place within the Communications Service to manage and monitor media relations on behalf of the Council, including strategy, performance management and reporting.			30/06/23	30/06/23
ICT Reviews					
Compliance with Information Security Policies	Review of Services' compliance with information security policies.			02/03/23	02/03/23
Systems Reviews					
Asset Management	Service level needs assessment, recording, maintenance and utilisation of assets, including housing stock, property, vehicles, equipment and IT. • The scope of this review is Education laptops.			02/03/23	02/03/23
Stock Control - Facilities	Review of the working practices and procedures in place for stock control within Facilities Management, with a view to identifying potential efficiencies and other improvement opportunities.			30/06/23	30/06/23
Community Equipment Store	Review of the arrangements in place at the community equipment store, against recognised good practice, to help support delivery of an efficient and effective community equipment service.			Reviewing	14/03/24
Safeguarding	Review of the arrangements in place to ensure the protection of vulnerable groups during the Council's selection and appointments process in line with relevant national policy and guidance.			25/05/23	25/05/23

2022/23 INTERNAL AUDIT PLAN (Cont'd)	Proposed Coverage	Status 28/09/23	Status 14/03/24
Systems Review (cont'd)			
Scottish Welfare Fund	Review of the arrangements in place to manage the Scottish Welfare Fund Crisis Grants, Community Care Grants and Self-isolation Support Grants in line with Scottish Government guidance.	02/03/23	02/03/23
Gas Safety	High level review of the adequacy of the systems in place within Housing to ensure that it can meet its statutory obligations in respect of gas safety checks.	25/05/23	25/05/23
Homelessness	Review of the adequacy of the systems in place within Housing to ensure that it meets its statutory obligations in respect of homelessness and recording of associated outcomes.	30/06/23	30/06/23
Pool Cars	Review of pool car usage within Enterprise and Environment from a reform and climate change perspective.	30/06/23	30/06/23
Impact Assessments	Review of the Council's Impact Assessment process and procedures, including staff guidance, in place for committee reports.	Fieldwork	Fieldwork
Lone Working	Assessment and deployment of the working practices and procedures in place to help ensure a safe working environment for employees through the provision of lone working fobs.	Reviewing	18/01/24
Leavers Process	Review to assess the adequacy of the processes and procedures in place surrounding the notification and processing of leavers.	30/06/23	30/06/23
Works Orders	Review of the works orders process operating within Environment and Building Services for the commissioning of grounds maintenance services.	Fieldwork	Draft Report Issued
Vacant Properties	Review of the arrangements in place to ensure the effective ongoing protection of vacant Council buildings, including inspection regime and the identification / implementation of physical protections.	02/03/23	02/03/23
Financial Reviews			
Teachers Payroll	Review of the control framework in place to ensure ongoing accuracy of the Teachers payroll, including arrangements for confirming active employees, rates of pay, variations and deductions.	25/05/23	25/05/23
Arrangements for Cash Handling and Security (Education)	Focus on cash handling and security.	Reviewing	09/11/23

2022/23 INTERNAL AUDIT PLAN (Cont'd)	Proposed Coverage	Status 28/09/23	Status 14/03/24
Financial Reviews (cont'd)			
Council Tax	Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction.	25/05/23	25/05/23
Capital Plan	To assess the monitoring and reporting arrangements in place at both a corporate and service level for the capital programme of works contained within the Capital Plan.	25/05/23	25/05/23
Stocks and Inventories	Review of arrangements in place to ensure that procedures and processes are in line with Council guidance and records are complete and accurate.	Reviewing	09/11/23
Tell Us Once	Review of the processes, procedures and effectiveness of the national Tell Us Once service as it is operating within Fife Council.	02/03/23	02/03/23
Audits for External Organisations			
CIRECO - Data Protection	High level review of the arrangements in place to ensure its statutory duties surrounding Data Protection and GDPR are effectively discharged.	30/06/23	30/06/23
Contingency			
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control.	Complete	Complete
Follow-up Reviews	Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented:		
	• Internal Audit Report No. 46 - Information Governance	25/05/23	25/05/23
	• Internal Audit Report No. 57 - Employability, Matrix Fife	25/05/23	25/05/23
	• Internal Audit Report No. 58 - Performance Management	Draft Report Issued	09/11/23
	• Internal Audit Report No. 62 - Asset Management, Land and Buildings	30/06/23	30/06/23
	• Internal Audit Report No. 71 - Risk Management & Business Continuity	To be presented 30/06/23	30/06/23
• Internal Audit Report No. 75 - Common Good Fund Grants	25/05/23	25/05/23	

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 28/09/23	Status 14/03/24
Contingency (cont'd)			
Post Audit Reviews (PARs)	Completion of the PAR exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.	25/05/23	25/05/23
PSIAS Self-assessment	To ensure conformance with the PSIAS, conduct a self-assessment of the Council's Internal Audit Service against the PSIAS utilising the revised external quality assessment framework.	EQA 25/05/23	EQA 25/05/23
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	Complete	Complete

2023/24 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S,A&R Committee Date	
2023/24 INTERNAL AUDIT PLAN		Proposed Coverage			Status 28/09/23	Status 14/03/24
Governance Reviews						
Plan for Fife	Review of the governance arrangements in place to support delivery of the new Plan for Fife, including performance management and reporting arrangements.			Not Yet Commenced	Planning	
Project Management	Review of the Council's project management arrangements to ensure the efficient and effective planning, initiation, delivery, monitoring and evaluation of the key capital and revenue projects.			Not Yet Commenced	Not Yet Commenced	
Partnership Working	High level review of the governance arrangements, including resource contribution policies, in place for partnerships with other local authorities to deliver a shared vision.			Not Yet Commenced	Not Yet Commenced	
Fraud Governance	To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these			Not Yet Commenced	Not Yet Commenced	
Corporate Governance	Review of governance assurance arrangements in place at a corporate and directorate level, including ALEO assurance, against CIPFA's Delivering Good Governance in Local Government Framework.			Not Yet Commenced	Planning	
Risk Management	High level review of the Council's risk management arrangements at a corporate and service level against recognised good practice.			Not Yet Commenced	Planning	
Third Sector Funding	High level review of the Council's funding and governance arrangements in place for third sector against best practice principles, including the Accounts Commission's Following the Public Pound.			Planning	Fieldwork	
ICT Reviews						
Adelante	Review of the new cash receipting system, Adelante. Coverage to be agreed during 2023/24 once the system is fully implemented.			Not Yet Commenced	Not Yet Commenced	
Liquidlogic	Review to assess the effectiveness of the deployment of the new children and adults case management system procured by the Council.			Not Yet Commenced	Not Yet Commenced	
User Access Levels	High level review of the appropriateness of user access levels and associated permissions for a sample of the Council's critical IT systems.			Planning	Fieldwork	

2023/24 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 28/09/23	Status 14/03/24
ICT Reviews (cont'd)			
Data Centre	Review of the arrangements in place to ensure uninterrupted service delivery at the new data centre, including security arrangements, environmental controls, incident management and disaster recovery.	Planning	Fieldwork
Systems Reviews			
Care in the Home	Contracts with, and payments to, care providers for clients' care in the home.	Not Yet Commenced	Not Yet Commenced
School Transport	Review of the school transport policy in place for children with additional support needs, as well as the effectiveness of supporting processes and procedures developed to help ensure compliance.	Planning	Fieldwork
Dangerous Buildings and Public Safety	High-level review to ensure that the Council is discharging its statutory duties in relation to dangerous buildings under the Building (Scotland) Act 2003.	Planning	Fieldwork
Assessors	Review of the processes and procedures introduced, following implementation of the new Evalu8 system, to ensure compliance with relevant legislation.	Not Yet Commenced	Planning
GDPR - Data Breach Management	Review of the arrangements in place for data breach management to ensure Fife Council meets its GDPR obligations, including data breach detection, reporting, investigating and monitoring.	Planning	14/03/24
Incident Management	Review of the arrangements in place to manage and monitor health and safety incidents within Education and Children's Services, including recording / reporting processes and procedures.	Planning	Fieldwork
Induction	High-level review of the Council's revised induction process, developed to ensure staff have the necessary information / skills to perform their role effectively and in line with the Code of Conduct.	Not Yet Commenced	Not Yet Commenced
Attendance Management	Coverage to be agreed with the Head of HR during 2023/24, once ongoing developments in this area have progressed further.	Not Yet Commenced	Not Yet Commenced
Discretionary Housing Payments	Review of the arrangements in place to administer Discretionary Housing Payment applications, determinations and awards in line with relevant Scottish guidance and regulations.	Planning	18/01/24
Procurement / Contract Reviews			
Procurement Cards	Corporate review of the internal controls in place to manage and monitor the use of procurement cards, including the authorisation of card transactions.	Not Yet Commenced	Not Yet Commenced

2023/24 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 28/09/23	Status 14/03/24
<i>Procurement / Contract Reviews (cont'd)</i>			
Purchase Ordering	Review of the requisition, approval and ordering arrangements in place within Oracle for non-contract spend below £5,000.	Planning	Planning
Regulated Procurement	Review of governance arrangements in place to ensure regulated procurement activity complies with relevant legislation, regulations and statutory guidance, including areas of delegated procurement.	Planning	Fieldwork
ICT Contract Management	Review of ICT contract management arrangements to ensure that specifications are successfully delivered and, if required, remedial actions taken / escalation procedures are efficient and effective.	Planning	Fieldwork
COMIS Replacement	Ongoing advice and guidance surrounding the COMIS replacement system, including attendance at the COMIS Replacement Board.	Ongoing	Ongoing
<i>Financial Reviews</i>			
Devolved School Management (DSM)	Review of the Council's DSM scheme against the Scottish Government and COSLA's DSM Guidelines and supplementary Common DSM Framework.	Not Yet Commenced	Planning
Financial Assessments	End-to-end review of the financial assessments process in place to calculate contribution levels for long term care residents.	Not Yet Commenced	Not Yet Commenced
Income Collection	Review of the income collection, recording and reconciliation arrangements in place to ensure data integrity and income maximisation for halls, centres and community use schools.	Planning	Reviewing
Pupil Equity Funding	Review of the framework in place to administer pupil equity funding and ensure that it is being effectively invested in line with the Pupil Equity Fund: National Operational Guidance.	Fieldwork	18/01/24
Salary Overpayments	Review of Council's salary overpayments policy, processes and procedures in place to manage, monitor and mitigate salary overpayments, including recovery and write off procedures.	Fieldwork	14/03/24
Reconciliation Framework	Review of the Council's reconciliation framework in place to help ensure financial integrity, including procedures, reconciliations register, timetables, responsibilities and monitoring arrangements.	Not Yet Commenced	Fieldwork
UK Shared Prosperity Fund (UKSPF)	In line with the Cabinet Office Government Functional Standards and UKSPF guidance, provide the third line of defence assurance function.	Planning	Fieldwork

2023/24 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 28/09/23	Status 14/03/24
Audits for External Organisations			
FSLT – Membership Process	End-to-end review of the membership processes and procedures in place at FSLT, including reconciliation process, with a view to identifying areas for improvement / potential efficiencies.	Planning	Planning
Contingency			
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control.	Ongoing	Ongoing
	<ul style="list-style-type: none"> Members Expenses 	Fieldwork	18/01/24
Follow-up Reviews	Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented:		
	<ul style="list-style-type: none"> Internal Audit Report No. 83 - IT Disaster Recovery 	Fieldwork	18/01/24
	<ul style="list-style-type: none"> Internal Audit Report No. 86 - COBIT 5 Assessment Review Process 	Not Yet Commenced	Planning
	<ul style="list-style-type: none"> Internal Audit Report No. 91 - Recurring Payments 	Planning	Fieldwork
	<ul style="list-style-type: none"> Internal Audit Report No. 04/22 - Information Security Management 	Not Yet Commenced	Not Yet Commenced
	<ul style="list-style-type: none"> Internal Audit Report No. 07/22 - Gas Safety 	Not Yet Commenced	Fieldwork
	<ul style="list-style-type: none"> Internal Audit Report No. 14/22 - Safeguarding 	28/09/23	28/09/23
Post Audit Reviews (PARs)	Completion of the PAR exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.	Not Yet Commenced	Planning
PSIAS Self-assessment	To ensure conformance with the PSIAS, conduct a self-assessment of the Council's Internal Audit Service against the PSIAS utilising the revised external quality assessment framework.	Not Yet Commenced	Not Yet Commenced
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, deliver an external quality assessment of the internal audit service provided in another Scottish Local Authority.	Fieldwork	Fieldwork
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	Ongoing	Ongoing

14 March 2024

Agenda Item No. 7

Azets – Annual Audit Plan Fife Council 2023/24

Report by: Elaine Muir, Head of Finance

Wards Affected: All

Purpose

The attached report provides members with details of Azets External Annual Audit Plan for Fife Council for the financial year 2023/24 and sets out the risks highlighted, planned work , audit scope and timing

Recommendation(s)

The Committee is asked to:-

- (1) Note the content of the Azets External Annual Audit plan for 2023/24.

Resource Implications

This report does not have any direct resource implications beyond the audit fee detailed in the plan.

Legal & Risk Implications

The audit plan highlights the area of risk covered by the audit work and the details of quality control established to provide assurance of compliance with regulatory and legal requirements.

Impact Assessment

An IIA checklist is not required as this report does not recommend changes to Council policy and does not require a decision.

Consultation

Council officers have had the opportunity to review and comment on the audit plan for accuracy and have responded to this effect.

Report Author

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Fife Council

External Audit Annual Plan

Year ended 31 March 2024

March 2024



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Introduction

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Fife Council (“the Council”), including the charitable trusts administered by the Council for the year ended 31 March 2024.

Our audit work will cover:

- an audit of the annual accounts for the Council and its group and the charitable trusts
- the wider scope areas of public audit
- the Council’s Best Value arrangements
- an audit of grant claims and returns (as applicable)
- any other work requested by Audit Scotland.

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

If there are any elements of this audit plan to which you do not agree or you would like to discuss, please let us know as soon as possible.

Any comments you may have on the service we provide, the quality of our work, and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

This plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.



Openness and transparency

This report will be published on Audit Scotland's website <http://www.audit-scotland.gov.uk/>

Audit scope and general approach

Responsibilities of the auditor and the Council

The [Code of Audit Practice](#) outlines the responsibilities of external auditors appointed by the Accounts Commission for Scotland and it is a condition of our appointment that we follow it.

Auditor responsibilities are derived from statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, the Code of Audit Practice and guidance from Audit Scotland.

The Council has primary responsibility for ensuring the proper financial stewardship of its public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The Council is also responsible for complying with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

[Appendix 3](#) provides further details of our respective responsibilities.

Risk-based audit approach

We follow a risk-based approach to the audit that reflects our overall assessment of the relevant risks that apply to the Council. This ensures that our audit focuses on the areas of highest risk. Our audit planning is based on:

Discussions with senior officers	Our understanding of the sector, its key priorities and risks	Attending & observing the Standards, Audit & Risk Committee
Guidance from Audit Scotland	Discussions with Audit Scotland and public sector auditors	Discussions with internal audit and review of plans and reports
Review of the Council's corporate strategies and plans	Review of the Council's corporate risk register	Consideration of the work of other inspection bodies

<p>Consideration of any relevant self-evaluation activity by the Council</p>	<p>Participation in the Shared Risk Assessment process</p>	<p>Outcomes of prior year audits</p>
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Planning is a continuous process and our audit plans are updated during the course of our audit to take account of developments as they arise.

Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. These communications will be made through the Standards, Audit and Risk Committee.

Partnership working

We coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

Our Audit Scotland appointments include Fife Pension Fund, Fife Integration Joint Board and NHS Fife. Where practicable and appropriate we will share knowledge to generate efficiencies in the delivery of our audits.

Audit Scotland

Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps identify common priorities and risks, treat issues consistently across the sector, and improve audit quality and efficiency. We share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.

Audit Scotland undertakes national performance audits on issues affecting the public sector. We may review the Council’s arrangements for taking action on any issues reported in the national performance reports which have a local impact. We also consider the extent to which the Council use the national performance reports as a means to help improve performance at the local level.

During the year we may also be required to provide information to Audit Scotland to support the national performance audits.

Shared risk assessment and joint scrutiny planning

The Shared Risk Assessment (SRA) process is a vehicle for scrutiny bodies to share intelligence and agree scrutiny risks at councils. Each council has nominated contacts in each scrutiny body partner with knowledge of individual councils and intelligence that could be helpful in audit risk assessment and planning. We engage

with those contacts to collect information on performance and scrutiny risks to inform our risk assessment discussions and discuss planned scrutiny with the Council.

Internal Audit

As part of our audit, we consider the scope and nature of internal audit work and look to minimise duplication of effort, to ensure the total audit resource to the Council is used as efficiently and effectively as possible.

Delivering the audit

Hybrid audit approach

We adopt a hybrid approach to our audit which combines on-site visits with remote working; learning from the better practices developed during the pandemic.

All of our people have the equipment, technology and systems to allow them to work remotely or on-site, including secure access to all necessary data and information.

All of our staff are fully contactable by email, phone call and video-conferencing.

Meetings can be held over Microsoft Teams or by telephone.

We employ greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

Secure sharing of information

We use a cloud-based file sharing service that enables users to easily and securely exchange documents and provides a single repository for audit evidence.

Regular contact

During the 'fieldwork' phases of our audit, we will arrange regular catch-ups with key personnel to discuss the progress of the audit. The frequency of these meetings will be discussed and agreed with management.

Signing annual accounts

Audit Scotland recommends the electronic signing of annual accounts and uses a system called DocuSign.

Electronic signatures simplify the process of signing the accounts. Accounts can be signed using any device from any location and there is no longer a need for duplicate copies to be signed.

Approach to audit of the financial statements

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an independent auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- review the design and implementation of key internal controls;
- identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

Materiality

“Reasonable assurance” is a high level of assurance, but is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in the auditor’s report of the extent to which the audit was capable of detecting irregularities, including fraud, and respective responsibilities for prevention and detection of fraud.

We apply the concept of materiality in planning and performing the audit, and in evaluating the effect of misstatements within the financial statements identified during the audit.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. The basis for our assessment of materiality for the year is set out in [Appendix 1](#).

Any identified errors greater than £1.77million for the Group and £1.73million for the Council will be recorded and discussed with those charged with governance and, if not adjusted, confirmed as immaterial as part of the letter of representation to us.

Accounting systems and internal controls

We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls

relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work will not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If we identify significant deficiencies in controls, we will report these to the Council.

Specialised skill or knowledge required to complete the audit

Our audit team will consult internally with our Technology Risk team in assessing the information technology general controls (ITGC).

Going concern

In most public sector entities (including the Council), the financial reporting framework envisages that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For many public sector entities, the financial sustainability of the entity is more likely to be of significant public interest than the application of the going concern basis. Our wider scope audit work considers the financial sustainability of the Council.

Significant changes in the Council and group functions or activities

There have been no significant changes to the functions and activities of the Council or its group structure. We have not been made aware of any significant changes in the functions or activities of the other components in the Council's group.

Our group audit scope and risk assessment is set out in [Appendix 2](#).

Prevention and detection of fraud or error

In order to discharge our responsibilities regarding fraud and irregularity we require any fraud or irregularity issues to be reported to us as they arise. In particular we require to be notified of all frauds which:

- involve the misappropriation of theft of assets or cash which are facilitated by weaknesses in internal control
- are over £5,000.

We also require a historic record of instances of fraud or irregularity to be maintained and a summary to be made available to us after each year end.

National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland, and overseen by the Public Sector Fraud Authority for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

The most recent NFI exercise commenced in 2022 and most matches should have been investigated by 30 September 2023. As part of our 2023/24 audit, we will monitor the Council's participation and progress in the NFI.

In addition, we will complete an information return, to be submitted to Audit Scotland by the end of February 2024. This information return is a key source of evidence for Audit Scotland's next NFI report, due to be published in summer 2024.

Anti-money laundering

We require the Council to notify us on a timely basis of any suspected instances of money laundering so that we can inform Audit Scotland who will determine the necessary course of action.

National risk assessment

Where particular areas of national or sectoral risk have been identified by the Auditor General and Accounts Commission, they will request auditors to consider and report on those risks as they apply at a local level. For 2023/24 no such risks have been specified.

Climate change

In 2022/23 we were required to gather information on the Council's response to climate change. The information is due to be analysed centrally by Audit Scotland to draw conclusions that can be used to determine an appropriate course of action over the period of audit appointment. The information will not be available until later in the year and therefore we have no specific actions on climate change for 2023/24.

For information, Audit Scotland centrally intends to carry out the following activities related to climate change in the short term:

- An overall approach to auditing climate change will be developed.
- A central review of disclosures related to climate change in public bodies' 2022/23 annual accounts will be carried out and shared in a Good Practice Note.
- Audit Scotland will continue to participate in discussions around the development and implementation of new climate change financial reporting standards and will keep auditors apprised of progress.

Correspondence

People or organisations write to Audit Scotland because they have concerns about an issue within a public body that falls under the remit of the Auditor General or the Accounts Commission. An issue of concern may be something such as a breakdown in financial management or governance arrangements.

The key factor in determining whether Audit Scotland examines an issue is the relevance of the issue to Audit Scotland's role and functions. Audit Scotland and appointed auditors will make this judgement using their professional and technical knowledge.

Wider audit scope work

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability. [Appendix 3](#) provides detail of the wider scope areas of public sector audit work. Our initial risk assessment and scope of work planned for 2023/24 is outlined in the '[Wider Scope](#)' section of this plan.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit work performed by appointed auditors. We are required to evaluate and report on the performance of councils in meeting their Best Value duties. There are five aspects to our work:

1. **Follow up:** our work will follow up on Accounts Commission findings, Controller of Audit recommendations and any outstanding improvement actions reported in Best Value Assurance Reports, Best Value thematic reports and Annual Audit Reports. Our work will reflect the Council's self-assessment against outstanding improvement actions and our findings will be based on the Council's current arrangements for delivering best value.
2. **Risk based approach to Best Value themes:** We pay due regard to the Council's arrangements in respect of the seven [Best Value themes](#) in identifying any significant risks.
3. **Assessing the effectiveness of performance reporting:** the best value theme, effective use of resources, includes an expectation that councils report effectively on their performance. Councils should be able to demonstrate a trend of

improvement over time in delivering their strategic priorities. Specifically in respect of assessing the effectiveness of performance reporting we will consider:

Reporting service performance

- the Council's assessment of progress against its service priority measures in 2023/24 and over time.
- what the Council is reporting on its relative performance in 2022/23 and over time (from the Local Government Benchmarking Framework and other information used locally).
- The effectiveness of Council processes for reporting and scrutiny of performance against its priorities.

Continuous improvement

- the Council's arrangements to demonstrate continuous improvement in how they deliver their priority services.

Statutory performance information

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. This responsibility links with the Commission's Best Value audit responsibilities. In turn, councils have their own responsibilities, under their Best Value duty, to report performance to the public. The Accounts Commission issued a new Statutory Performance Information Direction in December 2021 (applies for the three years from 2022/23) which requires a council to report its:

- Performance in improving local public services (including those provided with its partners and communities), and progress against agreed desired outcomes (SPI 1). The Commission expects this reporting to allow comparison both over time and with other similar bodies (drawing on the Local Government Benchmarking Framework and / or other benchmarking activities)
- Own assessment and audit, scrutiny and inspection body assessments of how it is performing against its duty of Best Value, and how it has responded to these assessments (SPI 2).

As external auditors we are required to satisfy ourselves that the Council has made proper arrangements for preparing and publishing the statutory performance information in accordance with the Direction. We will evaluate the effectiveness and appropriateness of the arrangements at the Council, including assessing the appropriateness of the information provided to members in responding to the Direction.

4. **Thematic reviews:** we are required to report on Best Value or related themes prescribed by the Accounts Commission. The thematic work for 2023/24 is on the workforce innovation and will involve auditors considering how councils are responding to the current workforce challenge through building capacity,

increasing productivity and innovation. We will report our conclusions in a separate report which will be presented to those charged with governance and published on Audit Scotland's website.

5. **Contributing to Controller of Audit reports:** The Controller of Audit reports to the Accounts Commission on each council's performance in meeting its Best Value duties at least once over the five year audit appointment. The report is a summary of information and judgements reported by each auditor.

Fife Council is scheduled for reporting in the second year of the programme (between October 2024 and August 2025).

Reporting our findings

At the conclusion of the audit we will issue:

- an independent auditor's report setting out our formal audit opinions within the annual accounts
- an annual audit report describing our audit findings, conclusions on key audit risks, judgements on the pace and depth of improvement on our audit of wider scope and best value areas and any recommendations.

Definitions

We will use the following gradings to provide an overall assessment of the arrangements in place as they relate to Best Value and wider scope areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



Financial statements - significant audit risks

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls	Audit approach
<p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Specific areas of potential risk include manual journals, management</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals. • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals. • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been

Management override of controls	Audit approach
<p>estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p>Risk of material misstatement: Very High</p>	<p>undertaken in line with the Council’s journals policy.</p> <ul style="list-style-type: none"> • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud. • Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Fraud in revenue recognition	Audit approach
<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>The presumption is that the Council could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end.</p> <p>In respect of council tax income, non-domestic rates, housing rents and non-ring fenced government grants, however, we do not consider the revenue recognition risk to be significant due to a lack of incentive and opportunity to manipulate these revenue streams. The risk of fraud in relation to revenue recognition is however present in all other revenue streams.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Revenue (occurrence / completeness): High 	<p>We will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council’s systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements. • Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems. • Obtaining evidence that income is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year. • Substantively testing material income streams using analytical procedures and sample testing of transactions recognised for the year.

Fraud in non-pay expenditure	Audit approach
<p>As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of expenditure around the year end.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Non-pay expenditure (occurrence/completeness): High • Accruals (existence/completeness): High 	<p>We will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council’s systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements. • Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems. • Obtaining evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year. • Substantively testing material expenditure streams using analytical procedures and sample testing of transactions recognised for the year. • Reviewing accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.

Valuation of land and buildings (key accounting estimate)	Audit approach
<p>The Council carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at least every five years.</p> <p>The Council held council dwellings with a net book value of £1,109million and other land and buildings with a net book value of £2,149million at 31 March 2023.</p> <p>Council dwellings are valued by the District Valuer using the beacon method which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A full revaluation exercise is completed every five years. In interim years the values of beacon properties are updated to reflect key factors including changes in rental prices.</p> <p>Other land and buildings are held at fair value and revalued as part of the five-year rolling programme. In addition, indices are applied to all assets held at Depreciated Replacement Cost (DRC) to reflect market changes within the year. Assets valued on an existing use value (EUV) and fair value (FV) basis are also revalued on a five year rolling programme unless there are significant changes made to the asset. There is a risk that these assets may be materially misstated if markets have moved significantly in a five year period.</p> <p>There is a significant degree of subjectivity in the measurement and valuation of property, plant and equipment. This subjectivity and the material nature of the Council’s asset</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the calculation of the estimates, the instructions issued to the valuation experts and the scope of their work. • Evaluating the competence, capabilities and objectivity of the valuation expert. • Considering the basis on which the valuation is carried out and the challenge in the key assumptions applied. • Testing the information and inputs used by the valuer to ensure it is complete and consistent with our understanding. If there have been any specific changes to the assets in the year, we will ensure these have been communicated to the valuer. • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding. • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct. • Evaluating the assumptions made by management for any assets not revalued during the year and how

Valuation of land and buildings (key accounting estimate)	Audit approach
<p>base represents an increased risk of misstatement in the annual accounts.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Land & Buildings (valuation): Very High 	<p>management are satisfied that these are not materially different to the current value.</p>

Pension asset/liability (key accounting estimate)	Audit approach
<p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities.</p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation, and mortality rates) can have a material impact on the pension asset/liability.</p> <p>There is a risk that the assumptions used are not appropriate.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Pension (valuation): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Reviewing the controls in place to ensure that the data provided to the actuary is complete and accurate. • Reviewing the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. • Agreeing the disclosures in the financial statements to information provided by the actuary. • Considering the competence, capability, and objectiveness of the management expert in line with ISA (UK) 500 Audit Evidence. • Evaluating whether any asset ceiling was appropriately considered when determining the value of any pension asset included in the financial statements.

The wider scope of public audit

Introduction

As described previously, the Code of Audit Practice frames a significant part of our wider scope responsibilities in terms of audit areas:

- Financial sustainability
- Financial management
- Vision, leadership and governance
- Use of resources to improve outcomes.

Our planned audit work against these four areas is risk based and proportionate. Our initial assessment builds upon our understanding of the Council's key priorities and risks along with discussions with management and review of committee minutes and key strategy documents.

We have identified two significant risks in relation to our wider scope audit work as set out in the table below. At this stage, we have not identified any further significant risks. Audit planning however is a continuous process and we will report all identified significant risks, as they relate to the four wider scope areas, in our annual audit report.

Wider scope significant risks

Financial sustainability

The Council's financial planning is underpinned by its Medium-Term Financial Strategy (MTFS). The latest MTFS, to be reported in February 2024, is projecting provisional cumulative budget gaps of £8.212million, £24.370million, and £42.522million for 2024/25, 2025/26, and 2026/27 respectively.

The Council has identified several initiatives to close the remaining general fund revenue budget gap and present a balanced budget for 2024/25. These include:

- Proposal to allow services to raise discretionary fees and charges for council services by up to 5% (anticipated gap reduction of £0.755million).
- Fife Council's indicative funding allocation to freeze Council Tax (anticipated gap reduction of £9.337million). Management has acknowledged that this is a political decision but they are currently proposing to agree to the freeze due to no financial benefit above the value of the additional funding being received unless council tax was raised to at least 4.9%.

Implementing these initiatives would result in a small general fund revenue surplus of £1.880million for 2024/25. In order to achieve a balanced budget, the Council are anticipating using this balance to support investment in educational psychologists, mid Fife subsidises bus contracts and street cleaning and grounds maintenance.

After revising the medium term financial plan to incorporate the same assumptions as for 2024/25, the Council continue to forecast funding gaps of £16.158million and £34.310million respectively for 2025/26 and 2026/27.

The Council continues to hold a significant reserves balance (£26million uncommitted balance at January 2024) but has acknowledged that these cannot be utilised as a sustainable solution to close the medium term budget gap. The Council recognises that bridging gaps of this magnitude will require major changes to services and how they are delivered and have committed to focus on a longer-term change planning process to address the financial challenge from 2025/26 onwards.

The Council has recognised that the HRA budget is also under considerable financial pressure and faces a high level of financial risk. The estimated 2024/25 funding gap on the HRA budget is £7.020million. Rent increase options of 5%, 6% and 7% have been presented to tenants and the results from the consultations will be presented to the Council in February 2024 alongside the HRA budget proposals

Financial sustainability

for 2024/25. The Council has acknowledged that increasing rent during the current cost of living crisis presents a challenge due to the risk of unaffordability to tenants.

Our audit response:

During our audit we will review whether the Council has appropriate arrangements in place to manage its financial position. Our work will include an assessment of progress made in developing financially sustainable plans which reflect the medium and longer term impact of cost pressures and that continue to support the delivery of the Council's statutory functions and strategic objectives.

Use of resources to improve outcomes

The Council's revised performance framework and approach to performance reporting was published in December 2022, following a reset post-pandemic. The focus of the revised framework was to reinstate and improve the accessibility, regularity and comparability of performance information available to the public.

As part of our review of the Council's revised performance framework in 2022/23, we noted that while the framework provides an improved approach to performance reporting, more time is needed for that to be fully implemented. In addition, improvement work underway needs to extend further to fully demonstrate compliance with the Accounts Commission Statutory Performance Information Direction; in particular, the timeliness in public performance reporting and demonstrating best value.

Our audit response:

During our audit we will review the extent of further improvement work which the Council has undertaken to ensure it can demonstrate that its performance framework fully complies with the Accounts Commission Statutory Performance Information Direction.

Further wider scope considerations

In formulating our audit plan, we identified areas of possible significant risk in relation to all wider scope areas. Our audit approach will include reviewing and concluding on the following considerations to substantiate whether significant risks exist.

Financial management

- Whether the Council achieves its 2023/24 financial targets.
- Whether the Council can demonstrate its effectiveness of its budgetary control system in communicating accurate and timely performance.

Vision, leadership and governance

- Whether the Council can demonstrate that the governance arrangements in place are appropriate and operating effectively.
- Whether inductions and ongoing training arrangements for members support effective scrutiny and challenge.
- The progress that the Council makes on the development and implementation of their ongoing developments to support effective leadership including Plan4Fife refresh, development of change plans and review of areas where the Council's decentralised structure could be expanded.

Fife Council Charitable Trusts

Introduction

The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The Regulations require an auditor to prepare a report to the charity trustees where an audit is required by any other enactment.

The Council’s charitable trusts are covered by the requirements of section 106 of the Local Government (Scotland) Act 1973 and consequently require a full audit. Each registered charitable trust has required a full audit since 2013/14.

There are 43 Charitable Trusts, 30 of which are Settlement Trust Funds. Financial statements are all 43 registered charities have been prepared using the connected charities provision.

Significant risks at the financial statement level

The table below summarises the significant risk of material misstatement identified at the financial statement level. This risk is considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls	Audit approach
<p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals. • Analysing the journals listing and determining criteria for selecting high risk and / or unusual journals. • Testing high risk and / or unusual journals posted during the year and

Management override of controls	Audit approach
<p>such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>This is a significant risk and Key Audit Matter for the audit.</p> <p>Risk of material misstatement: Very High</p>	<p>after the unaudited financial statements stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Trusts’ journals policy.</p> <ul style="list-style-type: none"> • Gaining an understanding of the accounting estimates and critical judgements made by management. We will challenge assumptions and consider the reasonableness and indicators of bias which could result in material misstatement due to fraud. • Evaluating the rationale for any changes in accounting policies estimate or significant unusual transactions.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Fraud in revenue recognition	Audit approach
<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>The presumption is that the Trusts' could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position.</p> <p>We note that income recognised in the Trusts' accounts is investment income and support service income (with corresponding expenditure). Investments are managed by Janus Henderson Investors.</p> <p>Inherent risk of material misstatement:</p> <p>Revenue (occurrence / completeness): High</p>	<p>Given the nature of income (investment income / support service income) we have rebutted this risk. We will review our assessment during the fieldwork stage of our audit.</p>

Going concern

Under the going concern principle it is assumed that an entity will continue in operation and there is neither the intention nor the need to liquidate it or cease trading.

Management is required to make and document a comprehensive assessment of whether the entity is a going concern when preparing the financial statements. The process should be proportionate in nature and depth depending upon the size and level of financial risk and the complexity of the entity and its operations. The review period should cover at least 12 months from the date of approval of the financial statements. Trustees are also required to make balanced, proportionate and clear disclosures about going concern in the financial statements where material uncertainties exist in order to give a true and fair view.

Under ISA (UK) 570, auditors are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the entity's ability to continue as a going concern that need to be disclosed in the financial statements.

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

The basis for our assessment of materiality is set out below.

Charitable trusts materiality

	Overall materiality (£)	Performance materiality (£)	Trivial threshold (£)
Settlement Trusts			
Ladybank	£456	£342	£23
Kingskettle	£114	£86	£6
Kilconquhar	£334	£250	£17
Freuchie and Area	£355	£266	£18
Falkland	£169	£127	£8
Crail	£5,199	£3,899	£260
Cupar	£3,273	£2,454	£164
Auchtermuchty	£670	£503	£34
St Monans	£2,663	£1,997	£133
Elie	£853	£640	£43
Newburgh	£4,154	£3,115	£208
Anstruther & Cellardyke	£9,308	£6,981	£465
St Andrews	£6,610	£4,957	£330
Dunfermline	£4,450	£3,337	£222
Leslie	£122	£91	£6
Collessie	£130	£98	£7
Tayport	£633	£475	£32
Pittenweem	£1,075	£806	£54
Leven	£537	£403	£27
Kennoway	£65	£48	£3
Buckhaven and Methil	£53	£39	£3
Burntisland	£1,232	£924	£62

	Overall materiality	Performance materiality	Trivial threshold
	(£)	(£)	(£)
Kirkcaldy	£10,386	£7,789	£519
Kinghorn	£1,481	£1,111	£74
Auchtertool	£46	£34	£2
Culross	£223	£167	£11
Limekilns	£230	£173	£12
Kincardine	£1,552	£1,164	£78
Lochgelly	£1,047	£786	£52
Ballingry	£579	£434	£29
Other Trusts			
Waugh & Wharrie Bequest	£127	£96	£6
Adam Smith / Gow / Beveridge Bequest	£523	£393	£26
A. A. Wilkie Trust - Children	£6	£5	£0
Fl. Lawsons Executry	£45	£34	£2
Raemore Mort. K/L	£151	£113	£8
Frances Lawson's Bequest	£65	£49	£3
Ogilvy Dalgleish Mortification	£108	£81	£5
Macintosh Bequest	£47	£35	£2
B.F. Nisbet's Trust & Garden	£362	£271	£18
Thomas S. Greig's Bequest	£1,183	£887	£59
Thomson Bequest and Laing Library	£1,177	£883	£59
Bell Fund / Good Templars Fund	£14,167	£10,625	£708
Thomas Ireland's Trust	£201	£150	£10

Overall materiality: our assessment is based on approximately 5% of net assets. We consider this benchmark to be the principal consideration for the users of the financial statements when assessing the performance of the charitable trust.

	Overall materiality (£)	Performance materiality (£)	Trivial threshold (£)
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Performance materiality: Using our professional judgement we have calculated performance materiality at approximately 75% of overall materiality.

Trivial threshold: 5% of overall materiality for the financial statements.

Audit management team and timetable

Audit management team

Our audit management team will be as follows:

Role	Name	Email
Engagement Lead	Karen Jones	Karen.Jones@azets.co.uk
Engagement Manager	Andrew Ferguson	Andrew.Ferguson@azets.co.uk
Engagement Assistant Manager	Amy Hughes	Amy.Hughes@azets.co.uk

Timetable

Audit work/ output	Target month/s	Standards, Audit & Risk Committee	Deadline
Audit plan	February / March	14 March 2024	31 March 2024
Interim audit	March - June	N/A	N/A
Final audit	July - September	N/A	N/A
Independent Auditor's Report	September	30 September 2024	30 September 2024
Annual Report to the Council and the Controller of Audit	September	30 September 2024	30 September 2024

Audit work/ output	Target month/s	Standards, Audit & Risk Committee	Deadline
Report to those charged with governance relating to the charitable trusts	September	30 September 2024	30 September 2024
Grant claims and returns: <ul style="list-style-type: none"> • Non domestic rate income return (NDRI) • Housing benefit subsidy claim (HB) 	TBC	N/A	TBC

Our requirements

The audit process is underpinned by effective project management to co-ordinate and apply our resources efficiently to meet your deadlines. It is essential that the audit team and the Council’s finance team work closely together to achieve the above timetable.

In order for us to be able to complete our work in line with the agreed fee and timetable, we require the following:

- Draft financial statements of a good quality by the deadlines agreed with management.
- Good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations
- Ensuring staff are available and on site (as agreed) during the period of the audit
- Prompt and adequate responses to audit queries.

Audit fee

The quality of audit work is an essential requirement in successfully delivering a fully compliant ISA and Code of Audit Practice audit. Audit Scotland sets an expected audit fee that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate unaudited accounts and meets the agreed timetable for audit.

The expected fee is reviewed by Audit Scotland each year, based on Audit Scotland's overall budget proposals. The budget proposal and fee levels (for the 2023/24 audits) have been developed in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic.

The 2023/24 expected audit fee is based on applying a 6% increase to the 2022/23 expected audit fee. This increase is applied on a sector basis and reflects the conditions of the public sector market.

As auditors we negotiate a fee with the Council during the planning process. The fee may be varied above the expected fee level to reflect the circumstances and local risks within the body.

For 2023/24, we propose setting the audit fee above the expected fee level. We propose setting the 2023/24 audit fee above the expected fee to reflect the following areas of work:

	Fee
Changes to auditing standards have increased the complexity and volume of audit work required to carry out audits in line with these standards, partly as a response to questions over the sufficiency of audit in light corporate failings. In 2022/23, auditing standards (ISA 240 and ISA 315) relating to risk assessment came into effect which substantially changed the approach auditors take to risk assessment and the resultant audit procedures.	£12,500
Dealing with accounting queries which arise during the financial year, including consultation on asset valuations (identified as a significant risk area).	£10,000
Ongoing development of the Council's performance management arrangements and follow up of the Council's key developments as a response to the 2022/23 Best Value Thematic Review.	£15,000

Fee element	2023/24	2022/23
Auditor remuneration (expected fee level)	378,610	357,180
Audit remuneration (above expected fee level for risk areas noted above)	37,500	35,000
Pooled costs	13,800	0
Contribution to PABV costs	125,160	123,150
Audit support costs	0	13,540
Sectoral cap adjustment	132,700	119,620
Total fee	687,770	648,490

We will take account of the risk exposure of the Council and the management assurances in place. We assume receipt of the draft working papers at the outset of our on-site final audit visit. If the draft accounts and papers are late, or agreed

management assurances are unavailable, we reserve the right to charge an additional fee for additional audit work. An additional fee will be required in relation to any other significant exercises not within our planned audit activity.

Audit fee – Fife Council Charitable Trusts

The audit fee in the table above does not include the cost of auditing charitable trust funds. We propose setting the audit fee for the audit of the charitable trusts at £12,720 which represents an increase of 6% in line with Audit Scotland approach outlined above.

Audit independence and objectivity

Auditor independence

We are required to communicate on a timely basis all facts and matters that may have a bearing on our independence.

In particular, FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence.

Azets has not been appointed to provide any non-audit services during the year. We confirm that we comply with FRC's Ethical Standard. In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Azets and the Council, its members and senior management that may reasonably be thought to bear on our objectivity and independence.

Appendices



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Appendix 1: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users.

When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2024 was calculated as follows.

Materiality

	Group	Council
	£million	£million
Overall materiality for the financial statements	35.30	34.60
Performance materiality (75% of materiality)	26.48	25.95
Trivial threshold (5% of materiality)	1.77	1.73

	<p>Our initial assessment is based on approximately 2% of the Council’s gross expenditure as disclosed in the 2022/23 audited annual accounts. We consider this benchmark to be the principal consideration for the users of the annual accounts when assessing financial performance.</p>
<p>Performance materiality</p>	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.</p>
<p>Trivial misstatements</p>	<p>Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p> <p>Individual errors above this threshold are communicated to those charged with governance.</p>

The Remuneration Report and Related Parties disclosures are material by nature.

In performing our audit of the Remuneration Report, we will consider any errors which cause result in a movement between the relevant bandings on the disclosure table to be material.

For related party transactions, in line with the standards we will consider the significance of the transaction with regard to both Council and the counter party, the smaller of which will drive materiality considerations on a transaction by transaction basis.

Appendix 2: Group audit scope and risk assessment

As Group auditor under ISA (UK) 600 we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Group audit scope

The Group consists of the following entities:

Component	Significant	Level of response required
Fife Integration Joint Board	No	Analytical
Fife Coast & Countryside Trust	No	Analytical
Fife Cultural Trust	No	Analytical
Fife Golf Trust	No	Analytical
Fife Sports & Leisure Trust	No	Analytical
Cireco (Scotland) LLP	No	Analytical
Fife Resource Solutions LLP	No	Analytical
Business Gateway Fife	No	Analytical
Fife Council Charitable Trusts	No	Analytical
Fife Council Other Trusts	No	Analytical
Common Good	No	Analytical

Analytical - the component is not significant to the Group and audit risks can be addressed sufficiently by applying analytical procedures at the Group level.

Risks at the component-level

The risks identified at the Council are set out in this external audit plan. There are no other risks identified in any of the other components above in respect of the Group audit.

Appendix 3: Responsibilities of the Auditor and the Council

The Accounts Commission, Controller of Audit and Audit Scotland

The Accounts Commission is an independent public body. Its members are appointed by Scottish Ministers and are responsible for holding local government to account.

Under statute, the Accounts Commission appoints a Controller of Audit to consider the results of the audit of accounts, including the wider-scope responsibilities and Best Value auditing. The Controller of Audit makes reports to the Accounts Commission on matters arising from the accounts and on Best Value and acts independently of the Accounts Commission when reporting to it.

Audit Scotland is an independent statutory body that co-ordinates and supports the delivery of high-quality public sector audit in Scotland. Audit Scotland oversees the appointment and performance of auditors, provides technical support, delivers performance audit and Best Value work programmes and undertakes financial audits of public bodies.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the [2021 Code](#)) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Accounts Commission and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the Council and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the annual accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management



Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability



Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance

Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.



Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.



Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of the Council's best value arrangements is integrated into our audit approach, including our work on the wider scope areas as set out in this plan.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#)

The most recent audit quality report can be found at [Quality of public audit in Scotland: Annual report 2022/23 | Audit Scotland \(audit-scotland.gov.uk\)](#)

Council responsibilities

The Council has primary responsibility for ensuring the proper financial stewardship of its public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include the following:

Area	Council responsibilities
Corporate governance	<p>The Council is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
Financial statements and related reports	<p>The Council has responsibility for:</p> <ul style="list-style-type: none"> • preparing financial statements which give a true and fair view of the financial position and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures; • ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and • preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements. <p>Management commentaries should be fair, balanced and understandable. Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p>

Area	Council responsibilities
	<p>The Council is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The Council is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
Standards of conduct for prevention and detection of fraud and error	<p>The Council is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
Financial position	<p>The Council is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • such financial monitoring and reporting arrangements as may be specified; • compliance with statutory financial requirements and achievement of financial targets; • balances and reserves, including strategies about levels and their future use; • plans to deal with uncertainty in the medium and long term; and • the impact of planned future policies and foreseeable developments on the financial position.
Best value	<p>The Council has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, the Council is required to maintain an appropriate balance among:</p> <ul style="list-style-type: none"> • The quality of its performance of its functions. • The cost to the Council of that performance.

Area	Council responsibilities
	<ul style="list-style-type: none"> • The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis. <p>In maintaining that balance, the Council shall have regard to:</p> <ul style="list-style-type: none"> • Efficiency • Effectiveness • Economy • The need to meet the equal opportunity requirements. <p>The Council should discharge its duties in a way which contributes to the achievement of sustainable development.</p> <p>In measuring the improvement of the performance of a local government body's functions for the purposes of this section, regard shall be had to the extent to which the outcomes of that performance have improved.</p> <p>The Scottish Government's Statutory Guidance on Best Value (2020) requires bodies to demonstrate that they are delivering Best Value in respect of seven themes:</p> <ol style="list-style-type: none"> 1. Vision and leadership 2. Governance and accountability 3. Effective use of resources 4. Partnerships and collaborative working 5. Working with communities 6. Sustainability 7. Fairness and equality. <p>The Community Empowerment (Scotland) Act 2015 is designed to help empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services.</p> <p>Specified audited bodies are required to prepare and publish performance information in accordance with Directions issued by the Accounts Commission.</p>

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14 March 2024

Agenda Item No. 8

Whistleblowing Arrangements - Update

Report by: Pamela Redpath, Service Manager - Audit and Risk Management Services, Sharon McKenzie, Head of Human Resources and Lindsay Thomson, Head of Legal and Democratic Services.

Wards Affected: All

Purpose

The purpose of this report is to provide Standards, Audit and Risk Committee with an update on developments surrounding the Council's whistleblowing arrangements.

Recommendation(s)

Standards, Audit and Risk Committee is asked to:-

1. Formally approve the revised Whistleblowing Policy;
2. Note the associated processes and procedures, which will allow the Council to deal appropriately with whistleblowing disclosures; and
3. Note that reporting arrangements are being developed, which will facilitate an annual report to Committee in due course.

Resource Implications

Implementation of the Whistleblowing Policy and supporting processes and procedures have been managed within existing resources. Staffing levels within Audit & Risk Management Services relating to wider corporate fraud responsibilities have been considered and a new Corporate Fraud Lead Officer is to be established within existing budgets.

Legal & Risk Implications

The Public Interest Disclosure Act of 1998 (PIDA) provides legal protection for those making a disclosure about a prescribed wrongdoing that is made in the public interest. The protection applies to workers as well as employees and therefore applies to casual workers and agency staff.

As high-profile cases in other authorities have shown, it is important to have effective reporting and recording arrangements in place for whistleblowing as well as a positive and supportive culture where employees feel confident to raise concerns, and that these concerns will be dealt with appropriately.

The UK Government launched a review of the national whistleblowing framework in March 2023, which was due to conclude in the Autumn of 2023. However, the review, which was due to gather evidence on the effectiveness of the approach in enabling workers to speak up about wrongdoing and protect those who do so, is still to report its findings. Once available, the findings of the national review will be considered with the Council's arrangements in mind.

Impact Assessment

An EqIA and summary form were completed and are available on request.

Consultation

The Whistleblowing Policy and supporting processes and procedures have been developed through a collaborative approach involving Audit and Risk Management Services, Human Resources and Legal and Democratic Services.

In addition, other key officers, including the Council's Chief Social Work Officer and the Health and Social Care Partnership's Principal Social Work Officer and Principal Lead for Organisational Development were consulted as appropriate. The Joint Negotiating Consultation Forum (JNCF) was consulted throughout the development of these arrangements and, following consideration and approval by the Council Executive Team, ratified them.

1.0 Background

- 1.1 The PIDA provides workers with the right to raise concerns about the Council's behaviour or behaviour of a person within the Council without fear of being punished or victimised for doing so. Workers include employees, casual workers and agency staff.
- 1.2 Having robust processes and procedures in place reduces the legal risk of contravening the protections covered by the PIDA. Perhaps more importantly, it also provides the Council with information about behaviour that is contrary to the public interest so that it can be properly investigated, and action taken where necessary.
- 1.3 Recent high-profile cases have highlighted the risks surrounding people either not feeling confident to speak out about practices or behaviours, or organisations not listening and responding appropriately.
- 1.4 Within Fife Health and Social Care Partnership there has been activity to consider Fife Council and NHS Fife's whistleblowing arrangements and their efficacy in providing required assurances under the National Whistleblowing Standards (the Standards), which operate within NHS Scotland. The Standards include an expectation that Integrated Joint Boards will ensure that the two-employer status does not inhibit the ability to listen and respond to concerns raised.
- 1.5 With the above in mind and following a period of benchmarking with other Scottish local authorities, the Council's previous whistleblowing arrangements were reviewed and revised in 2023. The new arrangements were developed collaboratively by Audit and Risk Management Services, Human Resources and Legal and Democratic Services in consultation with other key officers and the JNCF.
- 1.6 Through the provision of a new standalone Whistleblowing Policy and supporting processes and procedures, including central reporting and recording mechanisms that ensure the availability of corporate statistics and help promote an environment where individuals feel comfortable raising concerns, the new arrangements demonstrate compliance with legislation.

2.0 Previous Arrangements and Reasons for Change

Policy and Procedures - Approach

- 2.1 In addition to the legislative framework, the National Code of Conduct for Local Government Employees in Scotland (the Code) states that employees are entitled to expect fair and reasonable treatment at work. The Code also refers to rare occasions where employees feel that they have been required to act in a way that is illegal, improper, unethical, or which is otherwise in conflict with the Code of Conduct and outlines good practice to allow concerns to be raised confidentially. These points were reflected and expanded on within Fife Council's Employee Code of Conduct to explain protections under PIDA and the route to raising concerns. Accompanying guidance was also in place for managers to help them deal with concerns and employees.
- 2.2 While the national Code of Conduct recognises occasions where employees may feel that their own behaviour has been influenced by others, whistleblowing concerns often relate to the behaviours of others, including those providing services on behalf of the Council. It did not seem appropriate, therefore, that the Council's whistleblowing arrangements continued to be part of the Employee Code of Conduct.
- 2.3 In addition, the Advisory, Conciliation and Arbitration Service (ACAS) states that employers should have a Whistleblowing Policy to help show staff the most effective way to raise their concerns and managers how to respond. It was recognised that a standalone policy on whistleblowing would help to convey the importance of this process and, in turn, contribute to a culture where employees felt confident to speak out about their concerns, knowing that the Council would listen and act appropriately.

Reporting Concerns

- 2.4 Previously employees were advised to raise concerns with their line manager or a more senior manager. Other contacts were also provided for employees who were not comfortable raising concerns within their own management structure, including the Chief Executive, Executive Director of Finance and Corporate Services and Monitoring Officer.
- 2.5 Raising concerns can be a daunting experience and employees could be particularly reluctant to make their line manager or more senior manager aware, particularly when those concerns relate to their Service. The previous guidance also stated that any concerns brought to the attention of an Elected Member would be raised with the Chief Executive or Monitoring Officer on the employee's behalf, recognising that some employees could feel uncomfortable escalating concerns themselves.
- 2.6 Discussions with Trade Union colleagues confirmed that some employees were likely to feel more comfortable raising concerns if they had an option to do so out with their own Service.

Responding to and Monitoring Concerns

- 2.7 Protections under PIDA apply to different types of wrongdoing, including those relating to criminal offences, breach of legal obligations, health and safety dangers and damage to the environment. Across a diverse organisation such as the Council this could relate to a range of concerns covering different disciplines and / or professions. It is important to ensure that the right advice and guidance is obtained, while ensuring that the confidentiality of the person raising the concern is appropriately protected.

- 2.8 Responding to concerns was not previously happening in a centralised, structured and co-ordinated way. The central monitoring of cases was also not possible under previous arrangements.

Recording Concerns and Reporting Arrangements

- 2.9 Previous whistleblowing arrangements, where concerns were received and managed locally within Directorates / Services, did not support corporate understanding of whistleblowing issues and being able to readily identify and report on statistics, outcomes and learnings.

Engagement / Awareness Raising

- 2.10 Whilst the Council was previously unable to easily establish the level of concerns raised across the organisation, anecdotally it was believed that the number was likely to be low. It was recognised, however, that that may have been due to a lack of awareness about the whistleblowing process, lack of understanding of the protection under PIDA and perhaps a lack of confidence in the overall system in place to make disclosures.

3.0 New Arrangements and Related Benefits

Policy and Procedures - Approach

- 3.1 A new standalone Whistleblowing Policy is now in place. The policy statement (appendix one) sets out the approach to whistleblowing within the Council. It intentionally details the related high-level principles, which are supported by more detailed, operational processes and procedures. This approach provides the Council with the flexibility required to adapt supporting operational processes and procedures as / when necessary. Recognising that the arrangements are new, it is likely that the arrangements may require to be modified, particularly during the implementation phase.
- 3.2 The Policy, along with supporting procedures, including specific guidance re how to report whistleblowing concerns internally / externally and protection and support information are readily available for all staff to access via a dedicated area on the Council's Intranet. A link to NHS Scotland's Whistleblowing Policy is also published on the Council Intranet pages along with information for Fife Council employees working within the Health and Social Care Partnership. In addition, relevant information is now available via the Council's Internet site: [Whistleblowing | Fife Council](#)
- 3.3 The guidance provides a distinction between whistleblowing and other routes to raise concerns, such as via the grievance or corporate complaints procedures, as well as those concerns that should be raised with management as part of day-to-day, business as usual operations.

Reporting Concerns

- 3.4 A dedicated email address with very restricted access arrangements has been established: Whistleblowing@fife.gov.uk and an online form, which will be made available on the Council's Intranet and Internet pages is at the final stages of development.

- 3.5 The following signposts are also provided to ensure individuals know where to access further support should they need it:
- HR Online through First Contact
 - ACAS website
 - The independent charity 'Protect' at <https://protect-advice.org.uk/>
 - Time for Talking (the Council's employee counselling service)
- 3.6 Fife Council encourages those raising concerns to provide their contact details to allow thorough investigation of the concerns raised and ensure protection under PIDA. However, it is important to hear about wrongdoing, even if that is raised anonymously. The Council will investigate proportionately, as far as is reasonably practicable, any concerns received anonymously.

Responding to and Monitoring Concerns

- 3.7 Whistleblowing concerns are now shared with the Head of Human Resources, Head of Legal and Democratic Services and the Service Manager - Audit and Risk Management Services. Given the range of concerns that could potentially be received, this tripartite approach helps to ensure that concerns are considered thoroughly. The approach also helps to ensure the systematic sharing and pooling of knowledge, experience and intelligence, which will accumulate over time and support the Council to be in the best possible position to respond to allegations.
- 3.8 Depending on the nature of the concerns received there may also be a need to involve other disciplines across the Council. A formal network of key contacts that can be called upon as / when necessary is in the process of being developed.
- 3.9 The type of whistleblowing concern will determine the nature, extent, pace and reasonable duration of any investigation required as well as those who will be involved in carrying it out.
- 3.10 Quarterly monitoring meetings, attended by Human Resources, Legal and Democratic Services and Audit and Risk Management Services, are scheduled to ensure continued oversight of cases.

Recording Concerns and Reporting Arrangements

- 3.11 Fife Council now has central reporting and recording arrangements in place for whistleblowing allegations, managed within Audit and Risk Management Services, which provides a degree of assurance surrounding the confidentiality of the individual raising the concern. Information / data relating to any whistleblowing allegations received is stored within a secure environment, to which only a limited number of authorised individuals can access.
- 3.12 The central reporting and recording process allows for corporate and Directorate level understanding of whistleblowing issues and reporting of statistics, outcomes and learnings relating to whistleblowing concerns. Over time, analysis of this information will help to identify themes, trends or patterns of concerns emerging as well as providing assurances that governance arrangements are in place. Having an overview of concerns and related outcomes will also enable identification of lessons learned, which in turn will lead to service improvement and should mitigate the likelihood of the same allegation(s) being made again.

- 3.13 Appropriate management and public reporting mechanisms including annual reporting of whistleblowing statistics, outcomes and learnings to the Standards Audit and Risk Committee are in the process of being developed.

Engagement / Awareness Raising

- 3.14 In addition to communicating the new Whistleblowing Policy and supporting processes and procedures via the Council's Intranet and Internet pages (see para 3.2 above), they were brought to the attention of all managers / leaders in the November 2023 Managing People Bulletin. Work has been ongoing with the Corporate Procurement Team to ensure relevant information is shared with Council contractors. Employee communication about the new policy has also been issued.
- 3.15 There will continue to be an ongoing need to raise awareness of the policy and how to raise concerns. The Council is building links into other processes and training to ensure that staff understand that where a concern they have relates to the wider public interest it is appropriate to refer it under the Whistleblowing Policy e.g. the Whistleblowing arrangements are referred to in the mandatory Corporate Fraud learning, Child and Adult Protection training and resources and the Grievance Procedure.
- 3.16 Given that the number of concerns raised is now known, it is reasonable to conclude that there is engagement. Reporting of statistics in due course should support this conclusion.

4.0 Conclusions

- 4.1 For the reasons noted in this report, the Council's previous whistleblowing arrangements required to be reviewed and revised. This exercise was carried out collaboratively during 2023 by Audit and Risk Management Services, Human Resources and Legal and Democratic Services in consultation with other key officers and the JNCF.
- 4.2 A revised Whistleblowing policy and supporting processes and procedures are in place, including centralised, secure reporting and recording processes. These arrangements will continue to evolve to help ensure that a best practice approach is maintained.
- 4.3 Reporting arrangements are being developed, which will facilitate an annual report to Standards, Audit and Risk Committee in due course.

List of Appendices

- A. Whistleblowing Policy

Report Contacts:

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Sharon McKenzie
Head of Human Resources
Email - Sharon.McKenzie@fife.gov.uk

Lindsay Thomson
Head of Democratic and Legal Services
Email - Lindsay.Thomson@fife.gov.uk

Purpose

Our code of conduct sets out a clear framework for employee behaviour and confirms that every employee has a responsibility to adhere to the Council's commitment to integrity, respect and accountability.

Unfortunately, there can be rare occasions where employees act, or feel they have been required to act, in a way which conflicts with the principles of the Code of Conduct and sometimes this concern relates to wrongdoing that is **in the wider public interest**.

Raising such concerns is known as whistleblowing and we are committed to providing an effective way for employees to do this because when we are made aware of wrongdoing, we can investigate and stop it. This is important because such wrongdoing:

- diverts resources from those who need them;
- damages our reputation and undermines trust and confidence in us and;
- demoralises our employees and make their job harder.

But we do recognise that raising a whistleblowing concern can be daunting. This policy provides the principles we will apply to encourage and support employees to raise concerns made in good faith, investigate concerns and take appropriate action.

The policy is supported by guidance which is available on the Council's intranet and website. If you have any queries you can contact whistleblowing@fife.gov.uk

Public Interest Disclosure Act 1998

The Public Interest Disclosure Act 1998 (PIDA) provide protections from negative treatment for workers raising genuine concerns about behaviour which amounts to:

- a criminal offence;
- failure to comply with any legal obligation;
- a miscarriage of justice;
- danger to the health and safety of any individual;
- damage to the environment; and
- deliberate concealment of information about any of the above matters.

Through implementation of this policy, we restate the protection given by the Act. We will inform employees of this protection and actively encourage employees and other workers to raise concerns they may have.

Guiding Principles

We will:

- Promote this policy and make it as simple and straightforward as possible for employees to report concerns.
- Encourage employees to raise concerns as part of their day-to-day work before the start of a formal procedure if appropriate.
- Treat all reported concerns seriously and, depending on the nature of the concerns, handle them as openly and as transparently as possible throughout the process.
- Provide guidance from Audit, HR and Legal Services in terms of the investigation and the appointment of the appropriate investigating officer, depending on the circumstances of each concern.
- Recognise and respect that everyone has the right to confidentially and protect, as far as possible, the identity of an employee who makes a report and does not wish their identity to be known.
- Protect employees who report concerns from any form of harm or disadvantage because they have reported or intend to report a concern and treat any bullying, victimisation, or harassment of those reporting concerns as misconduct.
- Ensure employees reporting concerns (or considering it) are supported.
- Where possible, acknowledge the receipt of all reports and inform the reporting employee of the progress of any investigation and its outcome as appropriate.
- Deal with suspected wrongdoing through our internal processes as far as is possible but involve external agencies immediately if it becomes necessary to do so.
- Deal with anonymous reports on their merits and investigate these proportionately, as far as is appropriate and possible.

Scope

This policy applies to all those directly employed by the Council (including casual/supply workers) as well as agency workers, those employed by Council contractors and volunteers who are working for or on behalf of the Council. For the purposes of this policy, all of these groups are 'workers'.

The policy does not cover individual concerns that do not relate to the public interest (as detailed above), and these should be raised through the appropriate procedure (for example the Council's Grievance Procedure or Complaints Procedure).

Version: 1.0

Date: 13/09/2023

14 March 2024

Agenda Item No. 9

Standards, Audit and Risk Committee Workplan

Report by: Eileen Rowand, Executive Director, Finance and Corporate Services

Wards Affected: All

Purpose

This report supports the Committee's consideration of the workplan for future meetings of the Committee.

Recommendation(s)

It is recommended that the Committee review the workplan and that members come forward with suggestions for specific areas they would like to see covered in any of the reports.

Resource Implications

Committee should consider the resource implication for Council staff of any request for future reports.

Legal & Risk Implications

Committee should consider seeking inclusion of future items on the workplan by prioritising those which have the biggest impact and those which seek to deal with the highest level of risk.

Impact Assessment

None required for this paper.

Consultation

The purpose of the paper is to support the Committee's discussion and therefore no consultation is necessary.

1.0 Background

- 1.1 Each Committee operates a workplan which contains items which falls under the headings: items for decision and Scrutiny/Monitoring. These items will often lead to reactive rather than proactive scrutiny. Discussion on the workplan agenda item will afford members the opportunity to shape, as a committee, the agenda with future items of business it wishes to review in more detail.

2.0 Conclusions

- 2.1 The current workplan is included as Appendix one and should be reviewed by the committee to help inform scrutiny activity.

List of Appendices

1. Standards, Audit and Risk Committee forward work plan.

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

None

Report Contact

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Standards, Audit and Risk Committee of 23 May 2024			
Title	Service(s)	Contact(s)	Comments
Code of Governance	Finance and Corporate Services	Lindsay Thomson, Pamela Redpath	
Safeguarding Public Money: are you getting it right?		Pamela Redpath	
Internal Audit Charter	Finance and Corporate Services	Pamela Redpath	
2023/24 Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
Post Audit Review Performance Report	Finance and Corporate Services	Pamela Redpath	
24/25 Internal Audit Plan	Finance and Corporate Services	Pamela Redpath	

Standards, Audit and Risk Committee of 28 June 2024			
Title	Service(s)	Contact(s)	Comments
Minute	Finance and Corporate Services		
Fife Council Unaudited Annual Accounts 2023-24	Finance and Corporate Services	Elaine Muir	
Fife Council Charitable Trusts - Unaudited Annual Report and Financial Statements 2023-24	Finance and Corporate Services	Elaine Muir	
Annual Governance Statement for the year to 31 March 2024	Finance and Corporate Services	Elaine Muir	
2023/24 Issued Audit Reports	Finance and Corporate Services	Pamela Redpath	
23/24 Internal Audit Annual Report	Finance and Corporate Services	Pamela Redpath	
Risk Management Update	Finance and Corporate Services	Pamela Redpath	

Standards, Audit and Risk Committee of 28 November 2024			
Title	Service(s)	Contact(s)	Comments
National Fraud Initiative (NFI) in Scotland 2023	Finance and Corporate Services	Pamela Redpath	expected approx Oct 2024.

Unallocated			
Title	Service(s)	Contact(s)	Comments
Regulation of Investigatory Powers Scotland (RIPSA) Act 2000	Finance and Corporate Services	Lindsay Thomson	