

Standards and Audit Committee

Due to Scottish Government Guidance relating to Covid-19, the meeting will be held remotely



Thursday, 3rd June, 2021 - 10.00 a.m.

AGENDA

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|----|---|-----------|
| 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 in particular items on the agenda and the nature of the interest(s) at this stage. | |
| 3. | MINUTE – Minute of Standards and Audit Committee meeting of 11th February, 2021. | 3 – 4 |
| 4. | STRATEGIC AUDIT PLAN 2021-26 AND OPERATIONAL AUDIT PLAN 2021/22 – Report by the Service Manager, Audit and Risk Management Services. | 5 – 49 |
| 5. | UPDATE ON 2020/21 REVISED AUDIT PLAN AND ANALYSIS OF ISSUED AUDIT REPORTS – Report by the Service Manager, Audit and Risk Management Services. | 50 – 67 |
| 6. | POST AUDIT REVIEW REPORT – Report by the Service Manager, Audit and Risk Management Services. | 68 – 88 |
| 7. | AUDIT SCOTLAND - ANNUAL AUDIT PLAN FIFE COUNCIL – Report by the Head of Finance. | 89 – 107 |
| 8. | STANDARDS AND AUDIT COMMITTEE FORWARD WORK PROGRAMME | 108 – 109 |

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.

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3rd June, 2021

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THE FIFE COUNCIL - STANDARDS AND AUDIT COMMITTEE – REMOTE MEETING

11th February, 2021

10.00 a.m. – 10.55 a.m.

PRESENT: Councillors Dave Dempsey (Convener), Lesley Backhouse, John Beare, Dave Coleman, Gordon Langlands, Derek Noble, Jonny Tepp, Ann Verner and Ross Vettraino.

ATTENDING: Elaine Muir, Head of Finance, Avril Cunningham, Service Manager, Audit and Risk Management, Carolyn Ward, Audit Team Manager and Clare Whyte, Risk Management Team Leader, Audit and Risk Management Services, Finance; Helena Couperwhite, Manager - Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

APOLOGY FOR ABSENCE: Councillor Mary Lockhart.

172. DECLARATIONS OF INTEREST

No declarations were made in terms of Standing Order 7.1.

173. MINUTE

The Committee considered the minute of the meeting of the Standards and Audit Committee of 17th December, 2020.

Decision

The Committee agreed to approve the minute.

174. RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER REVIEWS

The Committee considered a report by the Head of Finance providing an update on the review of both the Council's Risk Management Strategy and the Strategic Risk Register.

Decision

The Committee:-

- (1) noted the arrangements for the Risk Management Strategy and the Council's Strategic Risk Register Reviews, agreed by the Council Executive Team (CET); and
- (2) acknowledged that the finalised Risk Management Strategy and Strategic Risk Register Review, incorporating proposed changes, would be submitted to the Standards and Audit Committee meeting on 3rd June, 2021 for approval.

175./

175. UPDATE ON 2020/21 REVISED AUDIT PLAN AND ANALYSIS OF ISSUED REPORTS

The Committee considered a report by the Service Manager, Audit and Risk Management Services, providing an update on 2020/21 audits and analysis of the findings of the audit reports issued since the previous report to this Committee. The report highlighted identified areas of concern and instances where, in the view of the Service Manager, Audit and Risk Management, appropriate action had not been taken.

Decision

The Committee:-

- (1) noted the contents of the report and the summary report detailed in Appendix 1;
- (2) agreed that consideration would be given on the requirement to conduct a review of performance targets in the Audit Plan, following the implementation of the targets which had been based on the original Audit Plan; and
- (3) acknowledged the efficient performance of the Contact Centre in achieving audit targets within the required timescales and for operating at a high standard.

176. FORWARD WORK PROGRAMME

The Committee noted the current Forward Work Programme for the Standards and Audit Committee, which would be updated as appropriate.

3rd June, 2021

Agenda Item No. 4

Strategic Audit Plan 2021–26 and Operational Audit Plan 2021/22

Report by: Avril Cunningham, Audit and Risk Management Services Manager

Wards Affected: All

Purpose

The purpose of this report is to seek the Committee's approval for the revised 2021/26 Strategic Audit Plan and the Operational Audit Plan for the 10-month period, June 2021 to March 2022.

Recommendation(s)

The Standards and Audit Committee is asked to approve the Operational Audit Plan for 2021/22 and the revised 2021/26 Strategic Audit Plan set out in Appendices 1 and 2 to this report.

Resource Implications

This plan has been developed within the resources agreed in the revenue budget for Audit Services. There are no other resource implications.

Legal & Risk Implications

There are no legal implications. The Operational Plan is designed to review the areas of highest risk by taking into account finance, materiality, reputation and results from previous years' audit reviews.

Audit Services is required to cover sufficient areas of the Council's activities to allow the Service Manager, Audit and Risk Management Services to give an opinion on the Council's corporate governance and internal control.

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

All Executive Directors, the Chief Executive, and the Convener Standards and Audit Committee have been consulted.

1.0 Background

1.1 Internal Audit Planning

1.2 This report describes the purpose of the Strategic and Operational Plans and sets out the remit of Audit Services. The risk-based methodology used is described and an explanation given of how it is used to arrive at the revised Strategic Plan and Annual Operational Plan.

1.3 The effective operation of Audit Services is dependent on sound planning of its work, taking due account of its objectives and the resources available to it, and this is reflected in the production of a formal Audit Plan.

1.4 The Audit Plan is structured over two levels:

Strategic Plan – this provides a long-term framework for Audit Services, setting out, in broad terms, the provisional areas of Council activity to be reviewed. In preparing this plan, account needs to be taken of the relative values and risks of the various activities so that priorities can be determined.

To determine priorities, it is necessary to identify all potential audit areas and their relevant risk, i.e., the audit universe. For planning purposes, we maintain this in the form of a 5-year plan with indicative frequencies for each audit. This is used as the basis for the development of the Annual Operational Plan.

Operational Plan – this derives from the Strategic Audit Plan (audit universe), supplemented by newly recognised priorities, and represents each year in detail. This plan has been prepared for a 10-month period, as the Revised Operational Audit Plan for 2020/21 was extended to 31 May 2021 due to COVID -19, and it is linked to the resources available for that period.

Audit Services Remit

1.5 The Code of Audit Practice published by Audit Scotland in May 2016 states:

“audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

Each body, through its chief executive or accountable officer, 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. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.”

1.6 Audit Services can be regarded as a tool of management that assists all parties in meeting the above responsibility by providing an objective assurance on the Council’s control environment. It helps the Council achieve its objectives by using a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes.

1.7 Audit Services complies with the Public Sector Internal Auditing Standards (PSIAS).

1.8 Audit Services also works closely with External Audit to co-ordinate planned work to ensure the objectives of both are met and avoid unnecessary duplication of work.

2.0 Issues and Options

2.1 Review of the Strategic Plan

- 2.2 Risk-based Auditing is a technique for ensuring that Audit Services' resources are directed towards the areas of greatest risk, both financial and non-financial. When reviewing both financial and non-financial areas, Audit Services uses its knowledge and skills in risk management, internal control and governance, as well as its knowledge of accountancy, IT and project management.
- 2.3 If any other specialist knowledge / expertise is needed, consideration will be given to acquiring it either from within or out with the Council.
- 2.4 Using Risk-Based Auditing requires Audit Services to assess the extent to which Risk Management is embedded in the organisation. In an organisation with poor risk management the internal audit function should identify the areas requiring audit; in an organisation where risk management is fully embedded, the internal audit function should rely on the risks identified by management to populate the audit plan. As risk management is not fully embedded in the Council, we place partial reliance on risks identified by management during audit planning
- 2.5 All Executive Directors, the Chief Executive, and the Convener Standards & Audit Committee have been consulted. Additionally, we liaise with External Audit to ensure effective co-ordination of planned work.
- 2.6 The Strategic Plan has been reviewed, risks re-assessed, and the following amendments made (detail of the changes are shown in Appendix 3):
- Adjustment of audit days as required, following a review of the budget for each audit, comparing them to the previous audit, taking into account the experience of the staff conducting the last audit and whether the systems / processes have since changed;
 - Addition of new audit at request of Fife Sport and Leisure Trust and inclusion of Climate Change alongside Energy Management;
 - Removal of audits which are no longer required such as attendance and providing assurance at Groups / Boards, and National Fraud Initiative (NFI) as this is now carried out by the Corporate Fraud Team.
- 2.7 The Operational Plan has been prepared based on the current establishment. The Plan also takes account of reviews not expected to be completed in 2020/21 and these have been carried over into 2021/22.
- 2.8 The attached Appendix 1 sets out the proposed Operational Plan for 2021/22. The focus is on coverage of as many of the areas where there is currently a lower level of audit assurance, as audit resources permit. Audit areas specifically requested by Services have been accommodated wherever practicable.
- 2.9 Audit Services recognises the importance of adding value to Council processes as part of its audit work. When drawing up work programmes and carrying out audit work, Audit Services, whenever possible, will consider and comment on the efficiency, economy and effectiveness of the systems being reviewed.
- 2.10 The Information Technology Audits section of the plan has been aligned to the Control Objectives for Information and related Technology (CobiT), a comprehensive IT governance and control framework, to ensure coverage of the IT audit universe in the plan.
- 2.11 It is important that the Strategic Plan is kept under regular review to accommodate changing circumstances, and to refine its content in instances where improved information becomes available for evaluation. The plan is also influenced by work undertaken for other review agencies and the partnership with External Audit and the areas of activity they propose to cover over the years of their appointment. Accordingly, any new priorities that arise will be reflected in the Annual Operational Plan.

Operational Plan

- 2.12 Following the Audit Universe review and consultation with stakeholders, we have reviewed the priorities within the Strategic Audit Plan, taking account of work performed in recent years, to prepare an Operational Audit Plan for 2021/22 which is shown in Appendix 1.
- 2.13 In preparing the Operational Plan each year, we take account of the core financial systems to try to ensure that these are given adequate coverage over the duration of the Strategic Plan, usually tackling individual systems in discrete stages where appropriate. To avoid duplication and to facilitate External Audit's reliance on Audit Services, account is taken of External Audit's planned work. Likewise, Audit Services will place reliance on External Audit work wherever possible.
- 2.14 In planning the specific audits, the risk rating of each activity has been a factor in determining the plan of work. However, it is also important to try to avoid over burdening any Service with excessive or constant audit activity, and due account is taken of this. Of course, the larger Services inevitably receive more attention than others, particularly Finance & Corporate Services, which is responsible for providing core financial services across the Council and includes BTS. However, it should be recognised that the operational application of many aspects of these is the responsibility of all Heads of Service, e.g., purchasing, payroll, travel and subsistence.
- 2.15 Details of the extent to which Audit Services achieved the 2020/21 Operational Plan will be presented to this Committee as part of the Annual Audit Report.
- 2.16 Planned activity has not been set at a level that commits the whole of Audit Services' resources. Certain provisions are held uncommitted for part of the year with work being planned as circumstances arise, particularly so in the case of fraud reviews and investigations, opportunities for shared services, and advice & consultation.
- 2.17 The Operational Plan is kept under regular review during the year and additional work will be drawn from the Strategic Plan if necessary to fully take up the resources available, and to ensure that the demands of the Strategic Plan continue to be met at an acceptable pace.

3.0 Conclusions

- 3.1 To function effectively, an internal audit service needs to formally review its priorities at least annually and plan its work based on that review. The attached plan will enable Audit Services to audit the areas of current highest risk and includes sufficient coverage to enable the Service Manager, Audit and Risk Management Services, to give an opinion on the Council's corporate governance and internal control.

List of Appendices

1. Operational Audit Plan 2021/22
2. Strategic Audit Plan 2021/26
3. Changes to Strategic Audit Plan 2021/26
4. Audit Assurance Map as at April 2021

Background Papers

There are no background papers

Report Contact

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FIFE COUNCIL

Operational Audit Plan 1st June 2021 to 31st March 2022

Plan Number	Audit/Review	Planned Carry Over	Planned Service
Governance			
1	Plan for Fife		Communities
3	Corporate Governance & Best Value (Service Level)		Finance and Corporate Services
6	Emergency Resilience (Corporate)		Communities
9	Information Governance (Service Level)		Communities
10	Complaints Procedure	Communities	
11	Corporate Improvement		Communities
12	Business Change		E & E
Members			
19	Electoral Register		Legal & Democratic Services
Main Systems			
24	Procure to Pay (P2P) (Recurring Payments)	Finance & Corporate Services	
25	Payroll and Expenses – Central Processing	Finance & Corporate Services	

Plan Number	Audit/Review	Planned Carry Over	Planned Service
26	Payroll and Expenses (Service Level- Children's Services)	Education & Children's Services	
Subsidiary Systems			
35	Bank and Suspense Accounts Reconciliations		Finance and Corporate Services
39	Asset Management (Moveable Assets)		Education Services
Staffing			
43	Human Resources (Recruitment)		E&E
Purchases			
50	Social Housing Agreements		Communities
53	Repairs and Maintenance		E&E
56	VAT		Finance & Corporate Services
59	Climate Change and Energy Management		E&E
60	Private Residential and Nursing Homes (Financial Assessments)		Finance and Corporate Services
61	Care in the Home		Health & Social Care
Health and Social Care			
70	Direct Payments to Clients and Support for Carers (Self Directed Support)		Health and Social Care

Plan Number	Audit/Review	Planned Carry Over	Planned Service
Other Audits			
87	Oversight of 'Trust' Companies (ALEOs)		E&E
89	Common Good and Trust Funds		Finance & Corporate Services
90	Social Media Investigation & Research		Finance & Corporate Services (BTS & HR)
Information Technology Audits			
92	IT Governance & Management		Finance & Corporate Services - BTS
99	Management of IT Operations, Knowledge & Quality	Finance & Corporate Services – BTS	
103	Compliance with Information Security Policies		Finance & Corporate Services – BTS
Mini Audits			
106	Stocks (Materials, Spares, Consumables, Equipment & Adaptations for Disabled and Occupational Therapy Store etc.) - audit of processes	Health & Social Care	E&E
109	Arrangements for Cash Handling and Security (Education)	Education & Children's Services	
110	Financial Check - Health and Social Care	Health & Social Care	
Continuous Auditing			
111	Monthly stock checks		Building Services

Audit Certification			
115	External Grants Received (including EU) process		E&E
116	Audit Certification - Fitzgerald Trust, Grants, City Deals etc.		All Services
Post Audit Review and Follow Up			
117	PAR Reviews / Follow ups		All Services
Planned Consultancy			
119	Data Matching		Finance & Corporate Services
Non-Fife Council Internal Audits			
121	Scottish Welfare Fund		Communities
123	Fife Sports and Leisure Trust		Communities

FIFE COUNCIL

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
Governance			
1	<p>Plan for Fife Review the Council's arrangements for compiling the Plan for Fife and achieving the outcomes agreed in it. 2020 / 21 – Report 54</p>	Finance & Corporate Services.	One ambition every year.
2	<p>Corporate Governance (Corporate) Review the Council's corporate-level corporate governance arrangements, including Code of Corporate Governance, Scheme of Administration, Scheme of Delegation, Assurance Statements, Standing Orders/ Regulations, Fraud Policy, Scheme of Tender Procedures, Statutory and Council Requirements and Servicing Committees.</p>	Finance & Corporate Services.	Once every 5 years.
3	<p>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. 2019 – Report 27 (Enterprise & Environment) 2020/21 – Report 49 (Communities)</p>	All Services.	One Directorate each year.
4	<p>Risk Management & Business Continuity (Corporate) That the Council has made suitable arrangements to embed risk management throughout the Council and review the compilation and maintenance of the Council's arrangements to ensure there are contingency plans for continuing to provide services in the event of incidents that are liable to disrupt its services. 2018/19 – Report 30 (Follow up of Report 435)</p>	Finance & Corporate Services.	Once every 5 years.

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
5	<p>Risk Management & Business Continuity (Service Level)</p> <p>Examine the arrangements in Services for managing risk and review the compilation and maintenance of Services' contingency plans for continuing to provide services in the event of incidents that are liable to disrupt its services.</p> <p>2017 – Report 482 (Finance & Corporate Services - BTS) 2018 – Report 14 (Children & Families and Criminal Justice) 2020/21 – Audit in progress – Housing 2020/21 – Report 50 (Health & Social Care)</p>	All Services.	Cover all Directorates over 5 years.
6	<p>Emergency Resilience (Corporate)</p> <p>Review the compilation and maintenance of the Council's plans for saving lives and property in the event of a major incident.</p>	Communities.	Once every 5 years.
7	<p>Health and Safety (Corporate)</p> <p>Review whether the Council has made suitable arrangements to ensure that Health and Safety practices are followed throughout the Council.</p> <p>2020/21 – Report 52</p>	Finance & Corporate Services.	Once every 5 years.
8	<p>Management of Information (Corporate)</p> <p>Review whether the Council has made suitable arrangements to deal with the Data Protection Act, the Freedom of Information Act, Subject Access Requests, Records Management and corporate information generally, including ICT Policies.</p> <p>2018 – Report 511 (follow up of report 459) 2019 – ML Follow-Up 1 (2nd follow up of Report 459) 2020/21 – ML 53 – Follow Up</p>	Finance & Corporate Services.	Once every 5 years.
9	<p>Management of Information (Service Level)</p> <p>Ensure Services are taking necessary action to apply the Data Protection and Freedom of Information Acts, records Management and deal with information generally, including ICT Policies.</p> <p>2017 – Report 494 (Assessor) 2019/20 – Report 31 (Education & Children's Services) 2020/21 – Report 46 (Finance & Corporate</p>	All Services.	1 Directorate each year as appropriate.

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
	<p>Services)</p> <p>2020/21 – Ongoing (Adult Services)</p> <p>Due 2021/22 – Communities (Data Protection /GDPR)</p>		
10	<p>Complaints Procedures That the Council's complaints procedures are being followed and are resolving customers' complaints, and that the information is used to improve services.</p> <p>2019 – Report 24 (Planning) 2020 – Revised plan to be c/f</p>	All Services.	Once every 5 years.
11	<p>Corporate Improvement (Corporate) To assess, in overview, how corporate projects are prioritised, progressed and monitored by CET, incorporating a review of the Council Programme / Project Management Framework and management of change in corporate projects, i.e. delivery / implementation into the business.</p> <p>2018 – Report 500</p>	All Directorates.	Once every 5 years.
12	<p>Business Change To assess the effectiveness of the management of business change within the Council, by reviewing compliance with policies and guidance. Assess whether the change policy, guidance and processes are being consistently applied across Services.</p> <p>2019 – Report 25 - Communities (Business Change Framework)</p> <p>2019 – Report 26 BTS (Sharepoint)</p>	All Services.	One Directorate every 2 years.
13	<p>Management of Projects A high-level review of whether individual projects are being properly managed and adhere to the Council Project Management Framework. Covering project set up, ongoing project management and post-implementation reviews. Projects include all lean processes, efficiency reviews and IT enabled systems development projects (If IT enabled project, include management of IT Risk (COBIT 5 EDM03 & AP012))</p> <p>2019 – Report 12 (E&E – Burntisland School Project)</p>	All Services.	Once in 3 years.

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
14	<p>Partnership Working To review arrangements for working with other bodies, including those that are not strictly partnerships. Testing to include risk management, written agreements (e.g. SLAs) and measuring performance.</p> <p>2020/21 - Ongoing</p>	All Services.	One Service every 5 years.
15	<p>Performance Management Review of objective setting, calculation and monitoring of PIs and remedial action, including Statutory and Key Performance Indicators When reviewing Business Technology Solutions, refer to COBIT 5 EDM05, MEA01, MEA02 & MEA03.</p> <p>2018 – Report 534 (Roads Infrastructure)</p> <p>2021– IT Performance Management – Report 58</p>	All Services.	3 Directorates in 5 years

Members

16	<p>Members' Induction, Code of Conduct, Support and Development Review whether Members are provided with appropriate support, training and induction, which includes the Code of Conduct.</p> <p>2018 – report 524 (Democratic Services)</p>	Finance & Corporate Services.	Following each Local Government Election.
17	<p>Members' Expenses Review whether Members' expenses are being claimed and paid accurately and appropriately and that correct allowances are being paid accurately.</p> <p>2017 – Report 483 (Democratic Services)</p>	Finance & Corporate Services.	Following each Local Government Election and 2 years later.
18	<p>Election Expenses To ensure that the Council's election expenses are properly reclaimed from the Scottish Government.</p> <p>2018 – Report 509 General Election 2015, & Scottish Parliamentary election & EU referendum 2016</p> <p>2018 – Report 510 Local Government Election</p> <p>2020/21 – Report 47 (Claim for EU Parliamentary Election Fees and Charges)</p>	Finance & Corporate Services.	Following each European, General and Local Government Election.

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
19	<p>Electoral Register To ensure that the Council's Electoral Register is accurate and complete.</p>	Finance & Corporate Services.	Every 5 years.
Main Systems			
20	<p>General Ledger Review whether the information in the Ledger is accurate and appropriate, including coding structure, manual inputs and transfers from feeder systems.</p> <p>2019 – Report 549 (BTS)</p>	Finance & Corporate Services.	Once every 5 years.
21	<p>Budget Setting and Monitoring (Corporate) The process for agreeing the Council's Capital and Revenue budgets, setting the Council Tax and corporate monitoring.</p> <p>2020/21 – Audit not undertaken due to duplication with External Audit</p>	Finance & Corporate Services.	Once every 5 years.
22	<p>Revenue Budget Setting and Monitoring That revenue budgets are set and monitored appropriately. Include costing if appropriate, and review of budget savings</p> <p>2020 – Report 42 (Communities)</p>	All Services.	2 Services in 5 years.
23	<p>Capital Budget Setting and Monitoring (Service Level) Review of the capital planning process, including compliance with the Prudential Code and the monitoring process.</p> <p>Changed to Plan Number 22 Revenue Budget Setting & Monitoring (PSOS) at Service request 2020/21 – Report 40 PSOS (E&E) 2020/21 – Report 59 (Education and Childrens' Services)</p>	All Services.	2 Services in 5 years

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
24	<p>Procure to Pay (P2P) Controls over ordering, receipting and suppliers' payments through Oracle ERP, including maintenance of the list of suppliers and cheque/BACS runs.</p> <p>2017 – Report 480 (Non-Purchase Orders) 2017 – Report 484 (CIVICA) 2017 – Report 487 (Supplier Management) 2017 – Report 490 (Creditor Payments) 2017 – Report 492 (Processing of Invoices) 2018 – Report 498 (Administration & User Access to ERP) 2018 – Report 502 (Creditors – AP – Compliance) 2018 – Report 505 (ERP – Catalogue and Non-Catalogue Requisitions) 2019 – ML2 (Supplier Change of Bank Details) 2019 – Report CF2 Overpayment of fees</p> <p>2020/21 - deferred towards end of plan year due to delayed implementation of new Oracle System</p>	Finance & Corporate Services.	3 Audits in 5 years
25	<p>Payroll and Expenses - Central Processing Central processing of payroll, i.e., gross to net, and payment of approved expenses. Over a 5 year period, cover all elements including standing data, statutory and non-statutory deductions and verification.</p> <p>2020/21 - deferred towards end of plan year due to delayed implementation of new Oracle System</p>	Finance & Corporate Services.	Once every 5 years.
26	<p>Payroll and Expenses (Service Level) Processing of payroll up to gross, including checking and authorisation of expenses.</p> <p>2019 – Report number 7- Facilities Management Service</p> <p>2020/21 - deferred towards end of plan year due to delayed implementation of new Oracle System</p>	All Services and Finance & Corporate Services for pensions	Two Services once each over 5 years
27	<p>Council Tax Income from the Council's Council Tax base, including billing, collection and recovery.</p> <p>2018 – Report 543 (Recovery)</p> <p>2019 – Report 22 (Collection and Refunds)</p>	Finance & Corporate Services.	One element every 3 years

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
28	<p>Non-Domestic Rates Income from the Council's Non-Domestic Rates Tax base, including billing, collection and recovery.</p> <p>2020/21 - Ongoing</p>	Finance & Corporate Services.	Once every 5 years.
29	<p>Debtors Collection of the Council's sundry debts by the Debtors Section, including recovery of unpaid debts</p> <p>2020/21 – Report 55</p>	Finance & Corporate Services.	Once every 5 years.
30	<p>Payment Strategy / Income Collection / PCIDSS Ensuring Payment Strategy is working, income from all sources is being correctly accounted for and compliance with Payment Card Industry Data Security Standard (PCI DSS).</p> <p>2020/21 – set up in progress</p>	Finance & Corporate Services.	Once every 5 years.
31	<p>Housing Rents Income from the Council's housing stock, including billing, collection, recovery and voids.</p> <p>2019 - Report 546 (Voids)</p> <p>2019 – Report 29 (Billing, collection and arrears, including universal credit impact)</p>	Communities and Finance & Corporate Services.	Cover 1 of the 4 elements every 2 years.
32	<p>Asset Management (CAM Land & Buildings) Corporate recording and utilisation of the Council's properties, including comparison with the Insurance Register.</p> <p>2020/21 – Draft report with Service</p>	Assets, Transportation & Environment.	Once every 5 years.
33	<p>Treasury Management Management of the Council's long and short term borrowings and investment of surpluses.</p> <p>2018 – Report 544</p>	Finance & Corporate Services.	Once every 5 years.
34	<p>Housing & Council Tax Benefits (Universal Benefit) Administration and payment of Housing & Council Tax Benefit.</p> <p>2019/20 – Report 35 (Council Tax Discounts and Exemptions)</p>	Finance & Corporate Services and Communities.	Once every 5 years.

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
Subsidiary Systems			
35	<p>Bank and Suspense Accounts Reconciliations Reconciliation of the Council's main bank accounts and related suspense accounts, including the General Fund.</p> <p>2018 – Report 530 (Housing Rents Collection)</p>	Finance & Corporate Services.	At least one a year, using a risk-based approach.
36	<p>BACS & Cheque Management Review the initiation, authorisation and checking of electronic transmission of payments and income.</p> <p>2018 – Report 531</p>	Finance & Corporate Services & Services as appropriate.	Once every 5 years.
37	<p>Valuation List To ensure the Council's database of properties subject to Council Tax is accurate and complete.</p> <p>2020/21 – Report 56</p>	Finance & Corporate Services.	Once every 5 years.
38	<p>Valuation Roll To ensure that the Council's database of properties subject to Non-Domestic Rates is accurate and complete.</p> <p>2017 – Report 496</p>	Finance & Corporate Services.	Once every 5 years.
39	<p>Asset Management (Moveable Assets, e.g., Plant & Equipment)</p> <p>Service level needs assessment, recording, maintenance and utilisation of assets, including housing stock, property, vehicles, equipment and IT.</p> <p>2019 – Report 4 (Education & Children Services) 2019 – Report 19 (Parks, Streets and Open Spaces)</p>	All Services, as appropriate.	2 services in 5 years
40	<p>Smart Cards</p> <p>Review the Council's strategy for the use of smart cards and ensure cards do not compromise security of data.</p> <p>2020/21 - Fraud awareness review (in Fraud Plan) rather than audit</p>	Finance & Corporate Services.	Once every 5 years.

Strategic Audit Plan 2021-26

	Audit/Review	Directorate / Service	Frequency
Staffing			
41	<p>In-House Training Courses Management and effectiveness of Council-run training.</p>	Finance & Corporate Services.	As required.
42	<p>Human Resources (Corporate) Review the appropriateness and communication of HR guidance, including whether it is in accordance with Council policy. Review the operation of HR Direct.</p> <p>2018 – Report 518</p>	Finance & Corporate Services.	Once every 5 years.
43	<p>Human Resources (Corporate & Service Level)</p> <p>To review the recruitment process and the role of HR Direct/Recruitment Portal, PVG/disclosure checks, that there are proper procedures in place covering the role of HR Direct / Recruitment Portal, Recruitment, Code of Conduct, PVG / Disclosure Checks, Contribution Management and training. Note – when auditing IT Human Resources (COBIT AP007), include personnel recruitment and retention, personnel competencies and dependencies, staffing of roles, personnel training, personnel clearance procedures, employee job performance evaluation and job change and termination.</p> <p>2018 – Report 527 (Follow up of report 379)</p> <p>2020/21 – Report 41 (Education & Children’s Services – Follow Up)</p>	Finance & Corporate Services and all Services	Two Directorates over 5 years.
Income			
44	<p>School Meals, including Cashless Catering Overall control, free school meals and collection and banking of income for school meals, including cashless catering.</p> <p>2018 – Report 523 School meals income</p> <p>2019 - ML3 School Meals Income (Follow Up of Report 523)</p>	Education & Children’s Services, Service / Asset and Facilities Management	Once every 5 years

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	Audit/Review	Directorate / Service	Frequency
45	<p>Catering Income (Non-School)</p> <p>Overall control and collection and banking of income, e.g. Fife House Canteen.</p>	Catering, Cleaning & Facilities Management Service.	As required
46	<p>Planning and Enforcement Services</p> <p>Management of planning applications, fees and enforcement, including developer's contributions (s69/75) and tree preservation orders.</p> <p>2018 – Management Letter 528 (Section 75)</p> <p>2019 – Report 24 Enterprise & Environment (complaints - Planning application process)</p>	Enterprise & Environment.	Once every 5 years.
47	<p>Fees and Charges</p> <p>Income from Council activities, e.g., community halls, residential care.</p> <p>2019 - Report 547 - Communities and Neighbourhoods</p>	All Services, as appropriate.	One Service every 5 years
48	<p>Leasing of Industrial and Commercial Premises</p> <p>Management of the Council's portfolio of industrial and commercial premises (Income).</p> <p>2019 - Report CF2 - Warout Stadium Oil Use 2020 – Report 36 - Business & Employability</p>	Enterprise & Environment.	Once every 5 years
49	<p>Other Income</p> <p>Review items of income not covered elsewhere in this plan, e.g. quoted sales, non-grant income, income from other local authorities.</p> <p>2019 – Report 548 Music Fees and Charges</p>	All Services, as appropriate.	One Service every 5 years.
Purchases			
50	<p>Social Housing Agreements</p> <p>To ensure that agreements with other social housing organisations in Fife are appropriate and operating effectively.</p> <p>2016 – Report 445 (Housing Services)</p>	Communities.	One Service every 5 years.

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	Audit/Review	Directorate / Service	Frequency
51	<p>PPP</p> <p>Management of Public Private Partnership (PPP) contracts, including ongoing administration.</p> <p>2019 – Report 551</p>	Enterprise & Environment and Education & Children's Services.	Once every 5 years.
52	<p>Capital Expenditure (Service Level)</p> <p>Management of major capital expenditure projects, e.g. Schools Estate, tendering, build, including PPP or similar schemes. Specification and awarding of tenders and monitoring of contract progress including Construction Industry Scheme (CIS), guarantees, etc. Applies to capital contracts. As part of The Affordable Housing Programme, the Private Sector Workstream is included from 2016</p> <p>2016 – Report 472 (AHP: Management of Private Sector Delivery)</p> <p>2020/21 – in Progress - Transportation</p>	All Services.	Once in 5 years
53	<p>Repairs and Maintenance</p> <p>Maintenance of the Council's administration buildings and council houses.</p> <p>2018 – Report 533 (Mutual Repairs Investigation)</p>	Enterprise & Environment.	One Service every 5 years.
54	<p>Commissioning of Works</p> <p>Review the process, timescales and recharges for requesting works through Asset & Facilities Management, from commissioning works to completion.</p> <p>2019 – Report 8 (Enterprise & Environment/Communities)</p>	Enterprise & Environment.	One Service every 5 years.

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	Audit/Review	Directorate / Service	Frequency
55	<p>General Purchases</p> <p>Revenue purchases not covered elsewhere, e.g., services, administration items, school books, consultancy fees.</p> <p>2017 – Report 471 (Multiple Services) – Consultancy costs</p> <p>2017 – Report 477 (Investigation - Economy, Planning & Employability)</p> <p>2018 – Report 514 Follow up of consultancy costs (report 471)</p>	All Services.	Once every 5 years.
56	<p>VAT</p> <p>VAT returns to Revenue and Customs. Correct treatment of VAT is covered under income and purchase audits.</p>	Finance & Corporate Services.	Once every 5 years.
57	<p>Concessionary Fares and Subsidised Transport</p> <p>Payments to subsidise bus operators and taxi drivers and control of passes and vouchers, including schools transport and disclosure (PVG) checks for drivers.</p> <p>2019/20 – Report No.20 Concessionary Taxi Fares</p> <p>2020/21 - Follow Up of Report no. 20 – in progress</p>	Enterprise & Environment, Health & Social Care and Education & Children's Services.	One Service every 5 years.
58	<p>Review of SLAs/ Internal Contracts</p> <p>Agreements on service delivery and recharges (including central support) between Council Services, management of Service Agreements and relationships, and the continuing presence of supervisory controls and lines of accountability following the centralisation of Support Services. Note: when reviewing Business Technology Solutions (Management of Service Agreements and Relationships COBIT APO08 & APO09), review how the relationship between BTS & Services is managed, whether IT-enabled services and service levels align with Council needs and expectations, and whether performance against service levels is adequately monitored.</p>	All Services.	One Service every 5 years.

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	Audit/Review	Directorate / Service	Frequency
	2016 – Report 447. (ALEOs) 2017 - Job No.1070 (ALEOs – no report required) 2017/18 – Job No. 1087 (Business Technology Solutions) – due for completion in 20/21		
59	Climate Change & Energy Management Management of the purchases of energy and the monitoring and reduction of its use across the Council. Review processes for achieving outcomes on Climate Change.	Enterprise & Environment.	Once every 5 years.
60	Private Residential / Nursing Homes Contracts with, and payments to, private homes. 2017 – Report No 489 – Private Residential & Nursing Homes 2018 – Follow Up Report 520 (Follow up to report 489)	Health & Social Care.	Once every 5 years.
61	Care in the Home Contracts with, and payments to, Care providers for clients' care in the home	Health & Social Care.	Once every 5 years.
62	Fleet Management Management of the Council's vehicles, including purchase, sales, security, assessment of number needed, green policy and usage of vehicle fuel bought by the Council. 2020/21 – in progress.	Transportation & Environmental Services.	Once every 5 years.

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	Audit/Review	Directorate / Service	Frequency
63	<p>Scheme of Tendering Procedures</p> <p>Review the Scheme of Tendering Procedures and its application, corporately and in a sample service.</p> <p>2017 – Report 471 (Multiple Services) – Consultancy costs</p> <p>2018 – Report 508 - Procurement Procedures and Practices - Parks, Streets and Open Spaces</p> <p>2018 – Report 545 Procurement Contracts (Fraud Risk Review – Environment & Building Services)</p> <p>2019 – Report CF4 - Framework Agreement Review</p> <p>2019 - Report CF6 Conflict of Interest</p>	Finance & Corporate and Services.	Once every 5 years.
64	<p>Management of Contracts (including IT related contracts)</p> <p>Review the arrangements in place for monitoring a contract after it has been awarded and is in place. This applies to revenue contracts. When auditing IT related contracts, refer to COBIT APO10.</p> <p>2017 – Report 470 (Transportation)</p> <p>2020/21 – in progress</p>	All Services	Once every 3 years.
Education and Children's Services			
65	<p>Secondary Schools Administration</p> <p>Collection of income, banking, school trips, school funds, repairs, etc.</p> <p>2018 – Report 503</p> <p>2019 – Report 10 (School Trip payments iPay Impact & manual)</p>	Education & Children's Services.	Twice every 5 years.
66	<p>Primary and Special Schools Administration</p> <p>Collection of income, banking, school trips, school funds, repairs, etc.</p> <p>2018 – Report 499 (Primary school Investigation)</p>	Education & Children's Services.	Twice every 5 years.

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	Audit/Review	Directorate / Service	Frequency
67	<p>Childcare Payments</p> <p>Review of processes for making payments to foster carers and adoptive carers.</p> <p>2018 – Report 504 (Adoption, Kinship and SFFC) 2018 – Report 538 (Fife Council Foster Carer Payments) 2018 – Report 539 (Purchased Placements) 2020/21 - Education and Health & Social Care. (Follow up on Purchased Placements) –</p>	Education & Health & Social Care.	Three times every 5 years.
Health & Social Care Services			
68	<p>Loans and Grants to Individuals</p> <p>Loans and grants made to vulnerable people, including Sections 10 & 12 of the 1968 Social Work (Scotland) Act) payments.</p> <p>2017 – Report 476</p>	Health & Social Care.	Once every 5 years.
69	<p>Resource Transfers</p> <p>Payments from the NHS for transfers of people into Council care. Including all transfers, not only those specifically called resource transfers.</p> <p>2020/21 – set up in progress</p>	Health & Social Care.	Once every 5 years.
70	<p>Direct Payments to Clients and Support for Carers (Self-Directed Support)</p> <p>Management of direct payments to clients for care.</p>	Health & Social Care.	Once every 5 years
71	<p>Clients Funds/Assets</p> <p>Management and security of funds/assets held on behalf of clients, i.e. people in care and the assets of deceased persons.</p> <p>2018 - Report 515 (Investigation into cash discrepancies) 2018 – Report 522 2019 – Report 15 Health & Social Care and Enterprise & Environment. (Follow up) 2020/21 – audit set up complete, requires site visit to progress fully.</p>	Health & Social Care and Enterprise & Environment.	One Service every 5 years.

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	Audit/Review	Directorate / Service	Frequency
72	<p>Transformation Programme</p> <p>Health & Social Care's progress on the IJB Transformation Programme</p> <p>2020/21 – in progress – Home Care</p>	Health & Social Care	As required
73	<p>Employability</p> <p>Review the administrative and financial aspects of disabled workshops run by Fife Council, e.g., Matrix Fife.</p> <p>2020/21 – Report Number 57 – Matrix Fife</p>	Health & Social Care Services.	Once every 5 years
Other Services			
74	<p>Contact Centre</p> <p>Review the management of the Council's contact centre, including setting and monitoring of targets and arrangements for delivering good customer care.</p> <p>2020 / 21 – Report 48</p>	Communities.	Once every 5 years.
75	<p>Asset, Transportation and Environment Services</p> <p>Management of the collection and disposal of domestic waste, payment of Landfill Tax. (to expand on the description)</p> <p>2018 – Report 513 (follow up to report 383)</p>	Assets, Transportation and Environment	Once every 5 years.
76	<p>Area Waste Plan</p> <p>Requirement to reduce landfill in accordance with EU directives, including recycling projects.</p> <p>2017 – Report 473 (Zero Waste Strategy).</p>	Environment & Enterprise.	Once every 5 years.
77	<p>Loans and Grants to Businesses</p> <p>Assistance provided to businesses in Fife, including through the Council's arm's length organisation, Gateway Fife.</p>	Environment & Enterprise.	Once every 5 years.

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	Audit/Review	Directorate / Service	Frequency
78	<p>Regeneration Projects</p> <p>Management of local regeneration projects, e.g., town regeneration projects. To include planning, tendering and payments. 2018 – Report 521</p>	Environment & Enterprise.	Once every 5 years.
79	<p>Insurance</p> <p>Ensure the Council is operating appropriate insurance arrangements, including tendering/purchase, claims handling and monitoring and self-insurance. 2017 – Report 475 (Insurance)</p>	Finance & Corporate Services.	Once every 5 years.
80	<p>Litigation and licensing</p> <p>Processes for provision of litigation advice and licensing. 2020/21 – Report 37 (Licensing)</p>	Legal Services	Once every 5 years.
81	<p>Housing Services (e.g., Homeless, Tenancy, ASBO)</p> <p>Management of provision of accommodation for the homeless, tenancy and other housing related issues. 2017 – Report 485 (Provision for Homeless) 2019 – Report CF5 Housing Allocation Fraud Risk Review 2019 – Report 17 - Communities and related Services (HMO practices)</p>	Communities.	Twice every 5 years.
82	<p>Housing Investment Partnership</p> <p>To review the tripartite agreement between Housing, Building Services and Property Services for the maintenance of the housing stock. 2017 – Report 495</p>	Communities.	Once every 5 years.
83	<p>Bus Station Management</p> <p>Operation of the Council's bus stations, including charging for their use. 2018 – Report 517</p>	Environment & Enterprise.	Once every 5 years.

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	Audit/Review	Directorate / Service	Frequency
84	<p>Roads Infrastructure</p> <p>Maintenance of Fife’s roads, including work done on behalf of the Scottish Government. Covering monitoring, tendering and payments.</p> <p>2017 – Report 474</p>	Environment & Enterprise.	Once every 5 years.
Review and Regulatory Functions			
85	<p>Internal Review Functions</p> <p>Review the activities of quasi audit services within the Council, e.g., HR recruitment, Health & Safety (Corporate Health & Safety Team), environmental auditors, Carbon Footprint (Assets, Transportation & Environment staff).</p> <p>2018/19 – Report 23 - Carbon Reduction Commitment 2020/21 - (Health & Safety Risk Assessments) –in progress</p>	Health & Social Care; Finance & Corporate Services; Housing Service and Assets Transportation and Environment	One Service every 5 years.
86	<p>Regulatory Inspections</p> <p>Management of inspections carried out by Council Services, (including internal inspections), e.g. public protection; environmental health, trading standards and building standards</p> <p>2018 – Report 525 (Inspections and interventions - Environmental Health)</p>	Health & Safety, Enterprise & Environment.	One Service every 5 years.
Other Audits			
87	<p>Oversight of ‘Trust’ Companies (ALEOs)</p> <p>Service oversight of arm’s length ‘trust’ companies, including contractual and governance arrangements, agreed objectives, and performance management and reporting mechanisms.</p>	Leisure & Cultural Services.	Once Service every 5 years.
88	<p>Grants to Voluntary Organisations</p> <p>Payment of funds and/or goods/services in kind to voluntary organisations. Review and test compliance with the Monitoring and Evaluation Framework.</p> <p>2016 – Report 455 (Health & Social Care). 2020/21 - Report 44 (ENeRGI)</p>	Finance & Corporate Services and all Services, as appropriate.	One Service twice every 5 years.

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	Audit/Review	Directorate / Service	Frequency
89	<p>Common Good and Trust Funds</p> <p>Management and security of the common good and trust funds for which the Council is responsible.</p> <p>2015 – Follow Up 418</p>	Finance & Corporate Services and Education & Children's Services	As required.
90	<p>Social Media Investigation & Research</p> <p>Compliance with legislation in relation to the Council's use of social media. This covers the social media policy, checking compliance and authorisation for investigations and confirming the privacy impact assessment is completed.</p> <p>2016 – Report 469</p>	All Services.	As required.
91	<p>Management of National Fraud Initiative (NFI) process</p> <p>Review of the Council's provision of information, investigation of and response to potential fraud matches, including assessing whether the Council's approach ensures best use is made of NFI and the available filters.</p>	Finance & Corporate Services.	As required
Information Technology Audits			
92	<p>IT Governance and Management (CobiT5 EDM01 & APO01)</p> <p>A review of the governance of enterprise IT, its enabling structures, principles, processes and practices, and the management approach to enable the governance requirements. This also covers management processes, organisational structures, roles and responsibilities, reliable and repeatable activities and skills and competences.</p> <p>2015 – Report 399 (IT Governance)</p> <p>2020/21 – Audit not required as duplication with External Audit</p>	Business Technology Solutions	Once every 5 years.

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	Audit/Review	Directorate / Service	Frequency
93	<p>Management of the IT Strategy, Enterprise Architecture & Innovation (COBIT 5 APO02, APO03 & APO04)</p> <p>Review the IT Strategy to ensure alignment with Council objectives, assess the ability of the Council's enterprise architecture to enable a timely, reliable and efficient response to strategic objectives, and whether the environment is conducive to identifying innovation opportunities and exploiting technology developments.</p> <p>2015 – Report 399.</p> <p>2020/21 – Audit not required as duplication with External Audit</p>	Business Technology Solutions	Once every 5 years.
94	<p>Budget, Cost & Benefit Management of IT-enabled Initiatives, Services and Assets (COBIT 5 EDM02 & APO06)</p> <p>Assess the processes for securing optimal value from IT-enabled initiatives, services and assets, delivers cost efficient solutions and services, and review budget, cost and benefit management processes.</p>	Business Technology Solutions and relevant Services	As required.
95	<p>Management of Portfolio, Programmes and Projects (COBIT 5 APO05, BAI01 & BAI05)</p> <p>Review how Business Technology Solutions optimises the portfolio of programmes in response to programme and service performance & changing Council priorities, including managing organisational change enablement. (Note assessing mechanisms for ensuring IT enabled programmes and projects are managed effectively and in accordance with Council Project Management Framework is covered under Management of Projects).</p> <p>2020/21 – Audit in progress</p>	Business Technology Solutions and all Directorates	Once every 5 years.

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	Audit/Review	Directorate / Service	Frequency
96	<p>Management of Solutions Identification and Acquisition / Build (COBIT BAI02, BA103 & BAI107)</p> <p>A review of the processes for analysing requirements and identifying IT Solutions, procurement/build and deployment of IT equipment and software, including managing change acceptance and transitioning.</p> <p>2019 – Report 11 - Business Technology Services – Provision of IT equipment at Windmill Campus</p>	Business Technology Solutions and other Services to check compliance.	Once every 5 years.
97	<p>Change Management (COBIT 5 BAI06)</p> <p>Review the change management process, including change management standards and procedures, impact assessment, prioritisation and authorisation, emergency changes, change status tracking and reporting, and change closure and documentation.</p> <p>2019 - Report 6 - Business Technology Solutions</p> <p>2020/21 - Follow up to Audit Report No. 6 – BTS Change Management – in progress</p>	Finance & Corporate Services & Other Services.	Once every 5 years.
98	<p>Management of Assets & Configuration (COBIT 5 – BAI09 & BAI10)</p> <p>A review of the management of IT Assets through their life cycle, including physical protection, reliability and availability of assets, management of software licences, the configuration repository and baseline, identification and maintenance of configuration items, configuration integrity review, and the education and training of users - Includes mobile phones.</p> <p>2017 – Report 486 (IT Equipment & Software) 2017 – Report 497 (Missing Mobile phone handsets) 2018 – Report 542 (Installation, Maintenance and Disposal of It Equipment and Software)</p>	Finance & Corporate Services.	Once every 5 years.
99	<p>Management of IT Operations, Knowledge & Quality (COBIT 5 AP011, BA108 & DSS01)</p> <p>Review of the co-ordination and execution of activities and operational procedures required to deliver internal and outsourced IT services, including the execution of pre-defined Operating procedures and required monitoring</p>	Finance & Corporate Services.	Once every 5 years.

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	Audit/Review	Directorate / Service	Frequency
	<p>activities. Review whether there are quality requirements for all, processes, procedures and related enterprise outcomes, and whether knowledge is provided to support all staff in their work activities.</p> <p>2020/21 - Management of IT Knowledge – Genero Replacement – delayed at request of Service</p>		
100	<p>Management of Availability, Capacity & Continuity (COBIT 5 EDM04, BAI04 & DSS04)</p> <p>Review how ITS ensures that adequate and sufficient IT related capabilities are available to support objectives effectively. It also covers maintenance of service availability, efficient management of resources, and optimisation of system performance, continuation critical Council operations and maintains availability of information in the event of a significant disruption.</p> <p>2020/21 – Not Started</p>	Finance & Corporate Services.	Once every 5 years.
101	<p>Management of IT Security (COBIT APO13 & DSS05)</p> <p>Review the information security policies and arrangements in place for information security management, i.e. protection against malware, network and connectivity security, endpoint security, user identity and logical access, physical access to IT assets, management of sensitive documents and output devices and monitoring of the infrastructure for security related events.</p> <p>2016 – Report 433 (IT Perimeter Access).</p> <p>2018/19 – Report 28 - Network Security</p> <p>2020/21 - (Cybersecurity) set up in progress</p> <p>2021/22 – Follow Up on Network Security Audit</p>	Finance & Corporate Services.	Once every 5 years.
102	<p>Computer Application Audits (COBIT DSS05 & DSS06)</p> <p>Review of the controls in place within and surrounding the use of specific systems.</p> <p>2017 – Report 491 (iTrent).</p>	Finance & Corporate Services and other Services as appropriate.	3 systems every 5 years.

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	Audit/Review	Directorate / Service	Frequency
	<p>2017 – Report 479 (Assyst Follow Up)</p> <p>2018 – Report 516 - SEEMIS - (Education)</p>		
103	<p>Compliance with information security policies (COBIT 5 DSS05 & DSS06)</p> <p>Review of Services' compliance with information security policies (formerly Computer Installation Audit), including security of hardware, software & data, & minor end-user IT systems developed and/or utilised by individual Services</p> <p>2017 – Report 493 - Computer Centre & DR Site 2018 – Report 541 Compliance with Information Security Policies (Follow Up of report 493) 2019 – Report 18 (Follow up of rep 541)</p>	All Services.	2 locations every 5 years
104	<p>Management of Service Requests & incidents (COBIT DSS02)</p> <p>Review of the provision of the response to user requests and resolution of all types of incidents, restoration of normal service, recording and fulfilment of user requests, and recording, investigation, diagnosis, escalation and resolution of incidents.</p> <p>2020/21 – Report 38</p>	Finance & Corporate Services.	Once every 5 years.
105	<p>Problem Management (COBIT DSS03)</p> <p>Review of the identification and classification of problems and their root causes and provision of timely resolution to prevent recurring incidents and recommendations for improvements.</p> <p>2015 – Report 398. 2017/18 – Management Letter 506 (Follow Up of Report 398)</p>	Business Technology Solutions.	Once every 5 years.

Mini Audits

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	Audit/Review	Directorate / Service	Frequency
106	<p>Stocks (Materials, Spares, Consumables, Equipment & Adaptations for Disabled and Occupational Therapy Store)</p> <p>Purchases of direct materials and items for stock. Security, issue and management of stocks. Provision of aids and housing adaptations to disabled people, including the process for assessing clients' needs.</p> <p>2019 – Report 16 (Environment & Building Services) 2020/21– OT Stores audit deferred due to COVID</p>	Finance & Corporate Services, for the Central Store and other Services, as appropriate.	Once every 5 years.
107	<p>Purchasing Cards</p> <p>Management of imprests and floats. (Use and security of imprests and floats is covered under income and purchase audits.)</p> <p>2017 – Job 1064 – no report required.</p> <p>2020/21 Education Service – started</p>	Finance & Corporate Services, & Other Services.	Once every 5 years.
108	<p>Local Office Activities</p> <p>Housing Allocations, Local Initiatives and Local Community Planning Budget, etc.</p> <p>2017 – Report 481 (Follow Up Local Office Activities)</p>	Communities.	Once every 5 years.
109	<p>Arrangements for Cash Handling and Security</p> <p>Focus on cash handling and security.</p> <p>2019 - ML CF1 (E&E - Blue Badge Process) 2019 – Report 5 (Catering & Cleaning) 2019 – Report 21 (Children & Families)</p>	All Services.	Each year as required.

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	Audit/Review	Directorate / Service	Frequency
110	<p>Financial Check</p> <p>IJB and Health & Social Care establishment/s to undertake a financial check.</p> <p>2017/18 – Job 1074 – IJB Adult Services 2017/18 – Job 1075 – IJB Older People Services 2017/18 – Job 1076 – Children & Families 2018/19 - IJB & Health & Social Care 2019/20 - IJB & Health & Social Care 2020 / 21 full audit – deferred due to COVID</p>	Health & Social Care.	Each year as required.
Continuous Auditing			
111	<p>Monthly Stock Checks- Building Services</p> <p>Monthly stock checks to be carried out</p> <p>2020/21 deferred due to COVID</p>	Finance & Corporate Services, for the Central Store and other Services, as appropriate.	Each year as required.
112	<p>Purchasing Cards Monthly Checks</p> <p>Periodic checks on appropriate expenditure using IDEA interrogation software</p>	Finance & Corporate Services, & Other Services.	Each year as required.
113	<p>Duplicate suppliers</p> <p>Periodic checks to identify duplicate suppliers within Oracle ERP</p>	Finance & Corporate Services	Each year as required.
114	<p>Payroll Monthly Checks</p> <p>Periodic checks on payroll using IDEA interrogation software</p>	Finance & Corporate Services, & Other Services.	Each year as required.
Audit Certification			
115	<p>External Grants Received (inc. EU) Process</p> <p>To review the Council's processes for identifying, claiming and recording external grants including compliance with conditions.</p> <p>2017 – Report 501 (Communities: Leader Programme) 2018 – Report 540 Communities (Leader programme) 2019 – Management letter 13 (Leader Programme) 2020/21 – Management Letter 43 (Leader Programme)</p>	Communities / Service and Enterprise and Environment.	As required.

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	Audit/Review	Directorate / Service	Frequency
116	<p>Audit Certification – Fitzgerald Trust, Grants, etc. Certifying accounts and grant claims as necessary. 2017 – FET Accounts 2016/17 (No report required) 2017 – Job No 1069 Clipper (no report) 2018 – Report 526 Fitzgerald Trust 2018 - Enterprise & Environment (Clipper) 2017 – FET Accounts 2017/18 (No report required) 2019 – Clipper certification (no report) 2019 – Report 9 - Fitzgerald Trust 2019/20 – FET Accounts 2018/19 2020/21 – Management Letter 45 (Fitzgerald Trust) 2020/21 – FET Accounts in progress (no report)</p>	All Services	Each year - as required.
Post Audit Review and Follow Up			
117	<p>Post Audit Reviews (PAR) Issue and review of PAR action plans for all audits to check on implementation of agreed recommendations.</p>	All Services.	As required.
Planned Consultancy			
118	<p>COBIT 5 Capability Assessment Provision of assurance on outcomes of BTS' COBIT 5 Capability Model Assessment. 2016/18 – Job 1008 Assurance on Self-Assessment - no report required. 2018/19 Business Technology Services (report o/s in Service) 2019/20 – Report 39 2020/21 – not started</p>	Finance & Corporate Services.	Annually.
119	<p>Data Matching Matching Council Tax arrears and Council payrolls. Jobs 1017; 1027; 1431; 1480; 1519; 1555, 1057, 1079 (No reports: consultancy only). 2020/21 – not required</p>	Finance & Corporate Services.	Each year as required.
Non-Fife Council Audits			
120	<p>SESplan Review of SESplan governance, which is one of four Strategic Development Planning Authorities, designated by Scottish Ministers. Its purpose is to work together and prepare and keep under review a Strategic Development Plan for its area. 2018 – Report 512 Governance Review</p>	SESplan and Finance & Corporate Services	As required.

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	Audit/Review	Directorate / Service	Frequency
121	<p>Scottish Welfare Fund The administration and delivery of the Scottish Welfare fund on behalf of the Scottish Government, including the handling of applications for crisis grants and community care grants, the awarding of grants and the methods of payment/provision of goods.</p>	Communities	As required.
122	<p>Staff Lottery Management of the Council's staff lottery, including the draws, income and payment of prizes and donations.</p> <p>2018 Report 532 – Investigation report 2018 Report 535 – Systems Report</p>	Finance & Corporate Services	As required.
123	<p>Fife Sport and Leisure Trust Income, Expenditure, Fees and charges, HR, Purchasing, Health and Safety, Treasury Management, Revenue Budget Setting and Monitoring</p>	Communities	One area each year

**Changes to Strategic Audit Plan
2021/22**

Original Plan

<u>Number</u>	<u>Description</u>	<u>Changes</u>	<u>Additional Information</u>
121,122 & 123	Link Officer Governance Group (ALEO's), VSTG and Social Work Boards	All removed from Strategic Plan	No longer attending meetings of these Groups / Boards as part of our savings, but available for advice and guidance
120	NFI	Removed from Strategic Plan	Now carried out by Corporate Fraud Team
New 123	Fife Sport and Leisure Trust (FSLT)	Added to Plan	Carrying out paid work for FSLT at their request
6, 11,19 56,61,70 & 103	Emergency Resilience, Corporate Improvement, Electoral Register, VAT, Care in the Home, Direct Payments to Clients & Support for Carers, Compliance with Information Security Policies	Reduced days due to knowledge of the systems/processes, so we can focus on key risk areas	
59	Energy Management and Climate Change	Reduced days (as above) and added Climate Change as one of the Council's Key Priorities.	

Appendix 4

Red - Low level of assurance (4 or 5) in previous audit report(s)

Amber - Moderate level of assurance (3) in previous audit report(s)

Green - High level (1 or 2) level of assurance in previous audit report(s) *

Assurance Map 2020	Plan No.	Management	Corporate Functions / 3rd Party	Internal Audit	Unknown / Gap	Overall Assurance Status	Audit Comments
Due Diligence		RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)					
Governance							
Plan for Fife	1			G		G	Grade 1 20/21 Report No. 54 Tourism Ambition Only
Corporate Governance (Corporate)	2			A		A	Grade 3 (Undertaken by External Audit in 19/20)
Corporate Governance & Best Value (Service Level)	3			G		G	Overall compliant. For both Report No. 27 E&E 2019/20 and Report no. 49 Communities for 20/21
Risk Management & Business Continuity (Corporate)	4			A		A	Grade 4 Audit Report No. 435 (2016) All recommendations actioned at Follow Up Feb 20
Risk Management & Business Continuity (Service Level)	5			A		A	Grade 3 Health and Social Care 20/21. Ongoing Audit in Housing 20/21
Emergency Resilience (Corporate)	6			A		A	Grade 2 post 5 years
Health & Safety (Corporate)	7			G		G	Grade 1 20/21

Management of Information (Corporate)	8			G		G	Low Risk Man Letter 20/21
Management of Information (Service Level)	9			A		A	Grade 3 Information Governance Finance and Corp Services 2020/21
Complaints Procedure	10			A		A	Grade 3 Planning Service 2019/20
Corporate Improvement (Corporate)	11			G		G	Grade 2 2018
Business Change	12			G		G	Grade 2 2019
Management of Projects (inc BTS)	13			A		A	Grade 2 2018. Last 3 reports - grade 3, 4 & 2
Partnership Working	14			A		A	Grade 3 post 5 years Audit in 20/21 plan
Performance Management (inc IT)	15			A		A	Grade 3 20/21 Report 58 IT
Members							
Members Induction, Code of Conduct, Support & Development	16			A		A	Grade 3 2018
Members Expenses	17			G		G	Grade 2 2017
Election Expenses	18			A		A	Grade 3 20/21
Electoral Register	19			A		A	Grade 2 post 5 years
Main Systems							
General Ledger	20			A		A	Grade 2 2019 (new Oracle system)
Corporate Revenue Budget Setting and Monitoring (Corporate)	21			A		A	Grade 3 (Undertaken by External Audit)
Revenue Budget Setting & Monitoring	22			G		G	Grade 1 20/21 job 1204 Grade 2 20/21 job 1203
Capital Budget Setting & Monitoring (Service Level)	23			G		G	Grade 2 2020/21 May 21
Procure to Pay	24			A		A	Grade 3 (average rating) Audit planned for 2021/22

Payroll and Expenses Central Processing	25			A		A	Grade 3 Audit planned for 2021/22
Payroll and Expenses (Service Level)	26			A		A	Last 3 reports graded as 1, 3 and 3. Audit planned for 2021/22
Council Tax	27			G		G	Last 3 reports, graded 3, & 1, 2. Average score 2 2019
Non Domestic Rates	28			A		A	Grade 1 (2015) Audit planned for 2020/21
Debtors	29			G		G	Grade 2 2020/21
Payment Strategy/Income Collection/PCIDSS	30			A		A	Grade 2 (2016) Audit planned for 2020/21
Housing Rents	31			A		A	Last 2 reports - grade 3 and 2 2019
Asset Management (CAM Land & Buildings)	32			A		A	Grade 3 Draft report 20/21
Treasury Management	33			G		G	Grade 2 2018
Housing & Council Tax Benefits (Universal Benefit)	34			G		G	Grade 1 2019/20
Subsidiary Systems							
Bank and Suspense Account Reconciliations	35			G		G	Grade 2 2018
BACS & Cheque Management	36			G		G	Grade 2 2018
Valuation List	37			G		G	Grade 1 (2021) report 56
Valuation Roll	38			G		G	Grade 2 2017
Asset Management (Moveable Assets, e.g., Plant & Equipment)	39			A		A	Grade 2 (Education) Grade 3 (PSOS) both 2019
Smart Cards	40			A		A	Grade 2 post 5 years Fraud vulnerability review planned 2021/22
Staffing							
In-House Training Courses	41				X		Not high priority - no audit work carried out
Human Resources (Corporate)	42			G		G	Grade 2 2018

Human Resources (Service Level inc BTS)	43			A		A	Follow Up - 2 recommendations 1 substantial and 1 moderate 20/21
Income							
School Meals	44			G		G	Grade 2 2019 All recommendations actioned at Follow Up
Catering Income (Non-School)	45			A		A	Grade 3 post 5 years
Planning and Enforcement Services	46			A		A	Grade 3 2019 complaints only
Fees and Charges	47			G		G	Grade 2 (Rep 547 C&N) 2019
Leasing of Industrial and Commercial Premises	48			G		G	Grade 1 2020
Other Income	49			G		G	Grade 2 (Music Fees and Charges)2019
Purchases							
Social Housing Agreements	50			A		A	Grade 1 2016
PPP	51			G		G	Grade 2 2019
Capital Expenditure	52			G		G	Grade 1 (last 3 audits) Audit ongoing 2020/21
Repairs and Maintenance	53			A		A	Average grade 3 (excluding Investigation report Mutual Repairs) 2018
Commissioning of Works	54			G		G	Grade 2 (2019)
General Purchases	55			A		A	Last 2 reports - Grade 3 & Grade 4 - 2018 -Follow up of latter report - all recs implemented
VAT	56			A		A	Post 5 years audit planned 21/22. Last report - Grade 4 but all actions implemented at follow up

Concessionary Fares and Subsidised Transport	57			A		A	Follow up of report 20, Report 60 overall risk assessed as Medium
Review of SLAs/Internal Contracts (inc BTS)	58			G		G	Grade 2 Review of COBIT Assessments AP008 and 009 2020/21
Energy Management	59			A		A	Grade 2 post 5 years
Private Residential/Nursing Homes	60			A		A	Grade 3 2018
Care in the Home	61			A		A	Grade 3 post 5 years
Fleet Management	62			A		A	Grade 2 (2015) Audit ongoing 2020/21
Scheme of Tendering Procedures (compliance)	63			G		G	Average grade 3 - 4, but all recs implemented at follow ups
Management of Contracts (including IT Services)	64			A		A	Last 3 reports -average Grade 3 Audit ongoing 2020/21
Education							
Secondary Schools Administration	65			A		A	Grade 3 (2019 School Trips audit - limited scope - Grade 2)
Primary and Special Schools Administration	66			A		A	Grade 2 2018
Childcare Payments	67			R		R	Purchased Placements audit Grade 4 Follow up of Purchased Placements 20/21
Health & Social Care Services							
Loans and Grants to Individuals	68			G		G	Grade 1 2017
Resource Transfers	69			A		A	Grade 2 (2015) Audit planned for 2020/21
Direct Payments to Clients and Support for Carers (Self Directed Support)	70			A		A	Grade 1 post 5 years

Clients Funds/Assets	71			R		R	Grading based on systems report & Investigation Follow up - substantial recommendations not all implemented. Audit planned for 2020/21
Transformation Programme	72				X		Audit ongoing - Home Care 20/21
Employability	73			G		G	Grade 2 20/21 Matrix Fife
Other Services							
Contact Centre	74			G		G	Grade 2 2020/21
Asset, Transportation and Environment services	75			A		A	Grade 4 2018 - Waste Management & Landfill Tax (follow up -complete)
Area Waste Plan	76			A		A	Grade 3 2017
Loans and Grants to Businesses	77			A		A	Grade 3 post 5 years
Regeneration Projects	78			G		G	Grade 1 2018
Insurance	79			G		G	Grade 1
Litigation and Licensing	80			G		G	Grade 2 2020/21 (Licensing only)
Housing Services (e.g. Homeless, Tenancy, ASBO)	81			G		G	Grade 2 2019 (Homelessness and HMO practices)
Housing Investment Partnership	82			G		G	Grade 2 2017
Bus Station Management	83			A		A	Grade 3 2018
Roads Infrastructure	84			A		A	Grade 3 2017
Review and Regulatory Functions							
Internal Review Functions	85			G		G	Grade 1 (Carbon Reduction Commitment) H&S Risk Assessments due for completion 20/21
Regulatory Inspections	86		A	A		A	Grade 3 2018
Other Audits							
Oversight of 'Trust' Companies (ALEOs)	87			A		A	Grade 2 post 5 years

Grants to Voluntary Organisations	88			A		A	Grade 3 20/21 Energi
Common Good and Trust Funds	89			A		A	Grade 3 post 5 years
Social Media Investigation & Research	90			A		A	Grade 2 post 5 years
Management of National Fraud Initiative Process	91			G		G	Grade 2
Information Technology Audits							
IT Governance and Management (CobiT5 EDM01 & APO01)	92			A	A	A	Grade 3 post 5 years
Management of the IT Strategy, Enterprise Architecture & Innovation (COBIT 5, APO02, APO03 & APO04)	93				A	A	Grade 3 20/21 – Audit not required as duplication with External Audit
Budget, Cost & Benefit Management of IT-enabled initiatives, services and assets (COBIT 5 EDM02 & APO06)	94			G		G	As required only (COBIT assessment Grade 3 so not scheduled this year)
Management of Portfolio, Programmes and Projects (COBIT 5, APO05, BAI01 & BAI05)	95				A	A	Grade 2 post 5 years Audit in progress 20/21
Management of Solutions Identification and Acquisition/Build (COBIT, BAI02, BA103 & BAI107)	96				A	A	Grade 3 (report 11) 2019
Change Management (COBIT 5 BA106)	97				A	A	Grade 3 (2019/20) *2020 - Follow up to Audit Report No. 6 – BTS Change Management

Management of Assets & Configuration (COBIT 5 - BA109 & BAI10)	98			A		A	Follow up Medium Risk 2018
Management of IT Operations, Knowledge & Quality (COBIT 5 AP011, BA108 & DSS01)	99				X		Audit planned 20/21 (Cx)
Management of Availability, Capacity & Continuity (COBIT5 EDM04, BAI04 & DSS04)	100		A	A		A	Grade 3 Audit planned 2020/21
Management of IT Security (COBIT APO13 & DSS02)	101			A		A	Grade 3 Audit planned 2020/21 Cybersecurity
Computer Application Audits	102			A		A	Last audit reports, Average Grade 3.5 2018
Compliance with information security polices (COBIT 5 DSS05, DSS06)	103			A		A	Grade 2 post 5 years
Management of Service Requests & Incidents (COBIT DSS02)	104			G		G	Grade 2 2020/21
Problem Management (COBIT DSS03)	105			A		A	Grade 4 2018
Mini Audits							
Stocks (Materials, Spares, Consumables, Equipment & Adaptations for Disabled and Occupational Therapy Store)	106			A		A	Grade 3 Audit 2021/22 (OT Store)
Purchasing Cards	107			A		A	Average grade 3 Audit started 20/21

Local Office Activities	108			G		G	Grade 1 2017 - Follow Up - all recs implemented
Arrangements for Cash Handling and Security.	109			G		G	Grade 2 2019 Audit planned for 2020/21
Financial Check	110			A		A	Replacement audit for Health and Social Care ongoing financial checks. Audit planned for 2020/21

* In recognition that assurance diminishes over time, where the grade is based on an audit report out with the required Strategic Audit Plan frequency, the assurance grading is adjusted, from a Green to an Amber, or an Amber to a Red and a note to that effect entered in the audit comments column. The Assurance Map is work in progress, and Management and Corporate Functions / 3rd Party assurances are being progressed through discussions with Directorate Management and staff.

3rd June, 2021

Agenda Item No. 5

Update on 2020/21 Revised Audit Plan and Analysis of Issued Reports

Report by: Avril Cunningham, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To update the Committee on 2020/21 audits in the revised audit plan and provide an analysis of the findings in audit reports issued since the last report to this Committee. The report highlights any areas of concern and instances where, in the view of the Audit and Risk Management Services Manager, Services are not taking appropriate action.

Recommendation(s)

Members are asked to note the contents of this report, the Summary of Audit Reports Issued at Appendix 1, the progress on the 20/21 Revised Audit Plan at Appendix 2 and the Audit Scorecard at Appendix 3.

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 is unnecessary as this report is not proposing a change or revision to existing policies and practices.

Consultation

Audit Services has consulted all subjects of the 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. We examine, evaluate and report, objectively, on the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 This report updates the Committee on the 2020/21 revised Audit Plan, Quarter 4 Performance Scorecard and 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 Outcomes

Update on Progress (Revised Audit Plan)

- 2.1 On 15 October 2020, Standards and Audit Committee approved a revised audit plan for 2020/21, to take account of the impact of COVID-19, and an extension of the time to complete the amended plan to 31 May 2021.
- 2.2 The changing risk landscape due to COVID-19 negated the use of the quarterly performance scorecard for monitoring performance throughout the period, as this is based on the original plan. Therefore, it was agreed that, this year we would also bring an update on progress on planned audits to Standards and Audit Committee.
- 2.3 Appendix 2 contains an update on the revised audit plan. As at week 52, there were approximately 203 audit days available until 31 May 2021, and approximately 262 days for audits in the revised plan. Progress has been impacted as one member of our Team has been undertaking the Public Sector Internal Auditing Standards annual self-assessment and assisting with the Corporate Risk Strategy Review. Another has been reviewing and providing guidance on the Bus Service Operators' Grant at the request of the Service. We have also had a long-term absence, which has now ended and another auditor has been involved in unplanned investigation work, which is almost complete. However, we continue to work towards completing as much as the revised audit plan as possible by 31 May 2021.

Performance Scorecard (based on Original Audit Plan)

- 2.4 Audit Services' Balanced Scorecard focuses on achievement of objectives, such as completion of the original audit plan (to 31 March 2021), performance timescales, customer satisfaction, cost of audit and staffing.
- 2.5 The results for Quarter 4, along with a short note on each of our performance indicators, is given below:

Customer Satisfaction

Audit Services issues questionnaires after the completion of each job to identify customer satisfaction. The percentage of satisfied audit clients was 91% at quarter 4 against our annual target of 85%.

Planned Work

Against a target of completing 90% of the original audit plan, 60% has been achieved to date. A revised audit plan was agreed on 15 October to take account of the impact of COVID-19, on which progress is reported above.

Adherence to the Annual Audit Plan

Against a target of 90% adherence to the annual audit plan, 75% has been achieved to date. This is wider than the performance indicator above as it includes time allocated in the audit planning process for contingency, corporate fraud investigations and consultancy and advice, as well as planned audits. A revised audit plan was agreed on 15 October to take account of the impact of COVID-19, on which progress is reported above.

Percentage of Planned Productive Days against Total Days

Against a target of 75% productive days, 65% has been achieved to date. A revised audit plan was agreed on 15 October to take account of the impact of COVID-19, on which progress is reported above.

Percentage of the Audit Plan Completed v. Budget

This indicator measures budget days against actual days. If the percentage result is positive, this indicates that we are going over budget on audit jobs. A negative figure means that we are under budget on audit jobs. However, until the end of an audit, the actual figure is based on an estimate of the stage of completion of the audit, so it is subjective while audits are in progress. Actual against budget is monitored at four-weekly meetings. To date, Audit Services is over budget overall on audit jobs as the percentage is sitting at 7%.

Timescales

For the issue of formal draft and final reports within timescale, Audit Services achieved 90% and 97% respectively against targets of 90% for both.

Audit / Corporate Fraud Reports

- 2.6 To enable the Standards and Audit 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 (ARM), prepares a report which provides a summary of the audit reports issued by Audit Services.
- 2.7 The reports issued in the current period cover a number of Services and areas. The summaries relate to Fife Council Audits and Corporate Fraud reports.
- 2.8 In line with the Fife Integration Board (IJB) Audit Output Sharing Protocol, audit report summaries, are included for noting.
- 2.9 A short outline of each report is contained in Appendix 1.
- 2.10 For each completed audit / fraud risk review report, Services are asked to complete a Post Audit Review Action Plan (PAR). This indicates:
 - the Service's progress in implementing agreed actions;
 - reasons for non-implementation; and
 - explanations for redundant recommendations.

The results are reported twice-yearly to Standards and Audit Committee.

3.0 Conclusions

- 3.1 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. Appropriate actions have been agreed in all instances to address these shortcomings.
- 3.2 I conclude that the findings do not pose a significant risk and implementation of all actions will improve the Council's control framework.

List of Appendices

1. Summary of Audit Reports Issued
2. Update on Revised Operational Audit Plan 2020/21
3. Quarter 4 Scorecard

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Appendix 1

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>1. Revenue and Commercial Services Procurement Contract Review (Report 51)</p>	<p>The Procurement Transformation Programme aims to reduce Fife Council third party spend by £16m by undertaking a consistent and commercial approach to procurement activity, and to improve the current skills and capabilities of the Council's procuring services. To help to deliver this, a public-to-public sector partnership with Scotland Excel (Public Procurement Centre of Expertise) was established, with co-ordination of delivery plans within the project managed by them. In 2020 Standards and Audit Committee agreed that an audit of the establishment, management and governance of the Council's contract with Scotland Excel should be undertaken, including a review of how savings achieved are tracked.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 1 • System Materiality Grade 4 • Overall risk Grade Low <p><u>Findings</u></p> <p>Generally, establishment, management and governance arrangements were sound. However</p> <ul style="list-style-type: none"> • The Changing to Deliver update Report to Policy and Co-ordination Committee on 12th April 2018 referred to both identifying opportunities for savings and the procurement business case and delivery plans for reduction of third party spend of £16m being complete. However, the change to benefit definition was not highlighted to Committee. • The savings achieved measured by the benefits tracker and reported to the Programme Board relate to the full procurement delivery, not solely the identification of opportunities for savings defined in the Scotland Excel contract. <p>Satisfactory actions have been agreed for the two recommendations made (both substantial) by 30/04/2021.</p>

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>2. Human Resources Corporate Health and Safety (Report 52)</p>	<p>This audit reviewed whether the Council had made suitable arrangements to ensure Health and Safety practices are followed throughout the Council.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 1 • System Materiality Grade 5 • Overall risk Grade Low <p><u>Findings:</u></p> <p>Generally, controls were sound. However:</p> <ul style="list-style-type: none"> • Performance Indicators have not been reviewed since 2018. <p>Satisfactory actions have been agreed for the one recommendation made (no substantial recommendations) by 30/06/2021.</p>
<p>3. Business Technology Solutions Follow-Up to Audit Rep No.1 Corporate Information and Records Management (Report 53)</p>	<p>This audit reviewed the adequacy of the systems in place for Corporate Information and Records Management in BTS. This is a follow-up to Audit Report 1 issued on 1/4/2019.</p> <p><u>Findings:</u></p> <p>This follow-up review identified that six out of the seven outstanding recommendations in Report No. 1 have been implemented, the remaining recommendation is partially implemented. In our opinion, this poses a low level of risk. Further action agreed is that the Card Payment Security Policy is to be approved at the next Information Governance Working Group.</p> <p>Satisfactory action has been agreed for the one recommendation in the report (no substantial) by 31/03/2021.</p>

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>4. Enterprise and Environment Plan for Fife 2017-27 “Inclusive Jobs and Growth” (Report 54)</p>	<p>This audit reviewed whether the Ambition, ‘Fife has year on year increases in visitor numbers and tourism spend’ in the Priority Theme, ‘Inclusive Growth and Jobs was being managed effectively for the period 2017-20 and delivering as intended.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 1 • System Materiality Grade 5 • Overall risk Grade Low <p><u>Findings:</u></p> <p>Processes were sound and there were no audit recommendations made.</p>
<p>5. Customer and Online Services and Revenue Services Debtors (Report 55)</p>	<p>This audit reviewed how well the Income Recovery Team, Revenue Services, controls the raising of sundry debtors’ invoices, collection of income and debt recovery, ensuring compliance with current regulations and guidance.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 2 • Overall risk Grade Low <p><u>Findings:</u></p> <p>Generally, most expected controls were in place. However:</p> <ul style="list-style-type: none"> • Documented procedures are not updated or version-controlled. <p>Satisfactory action has been agreed for the one recommendation made (no substantial recommendations) by 30/09/2021.</p>

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>6. Fife Assessor Council Tax List (Report 56)</p>	<p>This audit reviewed how well the Service controls the Council Tax Valuation List and ensures compliance with current regulations and guidance.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 1 • System Materiality Grade 5 • Overall risk Grade Low <p><u>Findings:</u></p> <p>Controls were sound and there were no audit recommendations.</p>
<p>7. Economy, Planning and Employability Services Matrix Fife (Report 57)</p>	<p>This audit reviews whether Matrix Fife has adequate systems in place to manage stock, plant, equipment and to monitor income and expenditure. To provide some background on Matrix Fife and the relationship with Fife Council, Matrix Fife was established in 1991 by Fife Council, initially within the Social Work Service, but now sits within Business & Employability. They are a manufacturing business with refurbishments, woodwork, soft furnishing and upholstery sections which provides employment, training, skill building and development opportunities to individuals with disabilities and long-term health conditions. It is funded by Fife Council with additional income provided through its sales and the Department of Work & Pensions Transitional Employment Support Grant. This audit covered the analysis of the management systems in place within Matrix Fife and Fife Council.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 3 • Overall risk Grade Low <p><u>Findings:</u></p> <p>Generally, most expected controls were in place, however:</p> <ul style="list-style-type: none"> • There is no risk statement included in the documented procedures and no indication of who is responsible for each procedure;

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • The risk Register is out of date and there is not always clear evidence of the name of the reviewer or date for Risk Assessment Reviews and Business Continuity Reviews; • There is no replacement equipment plan; • Regular stock checks are carried out but not independently of the stock controller • Prices and charges are set but are not authorised or approved by the Service; • Money is being withdrawn using a Purchasing Card to replenish petty cash; • Staff have not received training or have access to procedures to ensure compliance with the Payment Card Industry Data Security Standard. <p>Satisfactory actions have been agreed for the 8 recommendations made (5 substantial) by 31/05/2021.</p>
<p>8. Business Technology Solutions Performance Management (Report 58)</p>	<p>This audit reviews how well performance is managed in Business Technology Solutions (BTS).</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 3 • Overall risk Grade Medium <p><u>Findings:</u></p> <p>Generally, most expected controls were in place, however:</p> <ul style="list-style-type: none"> • The Service performance monitoring framework has not been updated since 2017. • The ‘Service Management Performance Management Process’ is not comprehensive. • There are no targets for monitoring projects which are a major area of the Service’s objectives. • Benchmarking against other organisations is no longer carried out. • There are no procedures in place to ensure the consistency, completeness and integrity of performance monitoring source data. • Not all data sources are shown in Pentana. • Performance against targets is not regularly reviewed and the reason for any variances analysed.

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> Action plans are not always put in place which are regularly reviewed or used to improve service delivery. <p>Satisfactory actions have been agreed for the 8 audit recommendations made (5 Substantial) by 31 August 2021.</p>
<p>9. Education and Childrens' Services Capital Budget Setting and Monitoring (Report 59)</p>	<p>This audit reviews how well Education controls Capital Budget Setting and Monitoring and ensures compliance with current regulations and guidance.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> Level of Assurance Grade 2 System Materiality Grade 5 Overall risk Grade Medium <p><u>Findings:</u> Generally, most expected controls were in place, however:</p> <ul style="list-style-type: none"> There are no specific documented procedures advising on the process of setting and monitoring budgets <p>Satisfactory action has been agreed for the one recommendation made (no substantial) by 30 November 2021</p>
<p>10. Health and Social Care Follow Up to Report No.20 Concessionary Taxi Bookings (Report 60)</p>	<p>This audit reviewed how well Health and Social Care (Adult Services) controls concessionary taxi bookings for service users and ensures compliance with current regulations and guidance. This is a follow up to Audit Report 20, Concessionary Taxi Bookings, issued on 20 November 2019.</p> <p><u>Findings:</u></p> <p>This follow up review identified that 6 (1 partly) of the 10 recommendations agreed in report number 20 have been implemented. Non-implementation is due to the introduction of a new automated system.</p> <p>Satisfactory actions have been agreed for the five (and one partly) outstanding recommendations (four substantial) by 30 June 2021.</p>

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL CORPORATE FRAUD REPORTS
<p>1. Housing Services Gas Safety Checks - Regulatory Risk Review (Report CF13)</p>	<p>This regulatory risk review is to assess whether Housing Service has robust controls in place to monitor and review the progress of the performance measure for 100% completion of all statutory annual gas safety checks.</p> <p>The review identified the following would reduce the regulatory risk:</p> <ul style="list-style-type: none"> • The Affordable Housing Team should ensure that all gas safety certificates are submitted timeously to Building Services to allow their accuracy and completeness to be checked. • Controls should be put in place to minimise / eliminate admin errors. <p>Satisfactory actions have been agreed for the two recommendations made (both substantial) by 31/03/2021.</p>
<p>2. Communities Self-Isolation Support Grant- Investigation Review (Report CF14)</p>	<p>The Customer Service Delivery (CSD) contacted Corporate Fraud on the 22nd of February 2021 regarding an application for the Self Isolation Support Grant (SISG) which the Team ascertained as being fraudulent.</p> <p>The review identified the following:</p> <ul style="list-style-type: none"> • Three awards, amounting to £1500, made to Applicant A were based on fraudulent information. • There is no statement on the current application form regarding the consequences of providing false or fraudulent information. • At the time of the review there had been no recovery action taken against Applicant A regarding the three SISG awards made. <p>This matter has been reported to Police Scotland.</p> <p>Satisfactory actions have been agreed for the three recommendations made (all substantial) by 31/08/2021.</p>

SERVICE, REPORT and PURPOSE	SUMMARY OF FIFE COUNCIL CORPORATE FRAUD REPORTS
<p>3. Economy, Planning & Employability and Education & Children's Services Funding Bid for Foundation Apprenticeship Level 4/5 Delivery, Levenmouth (Report CF15)</p>	<p>This review was carried out following a recommendation made by the Head of Assets, Transportation and Environment in his September 2020 investigation report "Fife Council Proposal to bid for Foundation Apprenticeships levels 4 & 5. It stated "Internal Audit should be asked to review the current governance, process and financial arrangements relating to delivery of FAs across the Council". Our review focussed on the outline bid submitted to Skills Development Scotland (SDS) in July 2020 for Level 4/5 Foundation Apprenticeship (FA) scheme funding.</p> <p><u>Findings:</u></p> <ul style="list-style-type: none"> • There were no documented procedures covering: how to initiate and progress bids; the process for identifying and selecting schools which should be involved; the process for selecting suppliers taking into account the Council's Scheme of Tender Procedures; how Conflict of Interest declarations should be dealt with and to ensure that school staff are involved early in the process. • Decisions were not recorded or retained around who was taking forward bids, who was providing the service and why. • Not all bids were discussed at the FA Operational Group and outcomes recorded in the minutes. Minutes are not distributed to the FA Governance Group. • It was not clear in the remits for both the FA Governance Group and FA Operational Group where FA bids should be discussed and who are ultimately the final decision makers. It was not clear that final decision-making sits with the Heads of Service. <p>The Services have advised that work has been progressed to address areas for improvement. Satisfactory actions have been agreed for the four recommendations made (four substantial) by 31/08/2021.</p>

Appendix 2

Update on Revised Operational Audit Plan 2020/21

Key to progress			
		Complete	
		Review stage and above (nearing completion)	
		In progress (time against audit in % plan)	
		Not started	
Revised 2020/21 Audit Plan			
Plan No	Plan Description	Status at week 48	Status at week 52
GOVERNANCE			
1	Plan for Fife	Final report issued no.54	Final report issued no.54
3	Corporate Governance & Best Value (Service Level)	Final report issued no.49	Final report issued no.49
5	Risk Management & Business Continuity (Health and Social Care)	Final report issued no.50	Final report issued no.50
5	Risk Management & Business Continuity (Housing)	Report review stage	Report review stage
7	Health & Safety Corporate	Final report issued no.52	Final report issued no.52
8	Management of Information (Corporate) - Follow Up	Final report Issued no.53	Final report Issued no.53
9	Management of Information (Service Level)	Final report issued no.46	Final report issued no.46
9	Management of Information (Service Level)	Audit Fieldwork ongoing	Report review stage

14	Partnership Working	Audit set up ongoing	Audit set up finalised
15	Performance Management	Formal draft report with Service	Final report Issued no. 58
	MEMBERS		
18	Election Expenses	Final report issued no.47	Final report issued no.47
	MAIN SYSTEMS		
23	Capital Budget Setting & monitoring	Report review stage	Final Report issued no. 59
28	Non-Domestic Rates	Audit set up - fieldwork not started at request of Service	Testing in Progress
29	Debtors	Final report issued no.55	Final report issued no.55
30	Payment Strategy/Income Collection/PCI DSS	Audit set up ongoing	Audit set up ongoing
32	Asset Management (CAM Land & Buildings)	Exit meeting draft report with Service	Exit meeting draft report with Service
34	Housing & Council Tax Benefits	Final report issued no.35	Final report issued no.35
	SUBSIDIARY SYSTEMS		
37	Valuation List	Final report issued no.56	Final report issued no.56
	STAFFING		
43	Human Resources (Service Level)	Set up in Progress	Testing in progress
	INCOME		
48	Leasing of Industrial & Commercial Premises	Final report issued no.36	Final report issued no.36
	PURCHASES		
52	Capital Expenditure Service Level	Audit fieldwork ongoing	Report review stage
57	Concessionary fares and subsidised transport	Testing underway	Final Report issued no. 60
58	Review of SLAs/Internal Contracts	COBIT Review Assessment Process, no report to Committee	COBIT Review Assessment Process, no report to Committee

62	Fleet Management	Testing underway	Report being drafted
64	Management of Contracts	Set up - fieldwork not started	Testing in Progress
HEALTH & SOCIAL CARE			
8	Transformation Programme - Home Care Audit	Testing underway	Report review stage
69	Resource Transfers	Audit set up ongoing	Audit set up ongoing
71	Clients Funds/Assets - Follow up	Follow up at review stage (desktop exercise as no audit visits)	Follow up at review stage (desktop exercise as no audit visits)
73	Employability	Formal draft report issued to Service	Final Report Issued No. 57
OTHER SERVICES			
74	Contact Centre	Final report issued no.48	Final report issued no.48
80	Litigation and Licensing	Final report issued no.37	Final report issued no.37
INFORMATION TECHNOLOGY AUDITS			
97	Change Management	In progress, waiting on information from Service	In progress, waiting on information from Service
100	Management of Availability, Capacity & Continuity	Not Started	Not Started
104	Management of Service Requests & incidents	Final report issued no.38	Final report issued no.38
MINI AUDITS			
107	Purchasing Cards (Education)	Set up started	Testing Ongoing

	CONTINUOUS AUDITING		
112	Purchasing Cards	Continuous auditing - no report to Committee	Continuous auditing - no report to Committee
113	Duplicate Suppliers	Set up started	Not required this year
114	Payroll monthly checks	Continuous auditing - no report to Committee	Continuous auditing - no report to Committee
	Audit Certification		
115	External Grants Received (including EU) process	Ongoing (certification as required)	Certification complete
115	External Grants Received - Leader	Final report issued no.43	Final report issued no.43
116	Audit Certification - Fitzgerald Trust, Clipper, FET, Grants, etc.	Ongoing (certification as required)	Certification complete
	Post Audit Review and Follow Up		
117	PAR Reviews	Ongoing	Ongoing
	Planned consultancy		
118	COBIT 5 Capability Assessment (BTS)	Set up started	Set up started
119	Data Matching	Not yet requested by Service	Not required this year
120	National Fraud Initiative - Administration	NFI exercise ongoing	NFI exercise ongoing
121	Link Officer Governance Group	Ongoing	Completed
122	Voluntary Sector Task Group	Ongoing	Completed
123	Social Work Boards	Ongoing	Completed

Plan no.	Unplanned audit work – now included in 2020/21 revised plan		
	Unplanned Carry Forwards from 2019/20		
43	Human Resources (Service Level) - follow up	Report issued no.41	Report issued no.41
118	Grants to Voluntary Organisations	Report issued no.44	Report issued no.44
95	Management of Portfolio, Programmes and Projects	Testing underway	Testing underway
23	Revenue Budget Setting & Monitoring	Report issued no.40	Report issued no.40
22	Revenue Budget Setting and Monitoring (Communities)	Report issued no.42	Report issued no.42
127	COBIT5 Capability Assessment	Report issued No.39	Report issued No.39
85	Health & Safety Risk Assessments	Report at review stage	Report at review stage
67	Childcare Payments Follow-Up	Desktop follow up - remote testing required to complete audit	Testing in Progress
101	Management of IT Security - Cybersecurity	Set up started	Set up started
123	City Deals- FI3P	Consultation exercise complete	Consultation exercise complete
	Additional Work Requested in 2020/21		
	Procurement Contract Review (requested by Committee)	Exit meeting draft report issued to Service	Report Issued No. 51
	COVID 19 Fin Gov & Supplier Relief Scheme	Review complete - advice and guidance provided	Review complete - advice and guidance provided
	Business Grants Process	Review complete - advice and guidance provided	Review complete - advice and guidance provided

Appendix 3 Quarter 4 Scorecard 2020-21	Notes	Quarter 1 Apr-Jun	Quarter 2 Jul-Sep	Quarter 3 Oct-Dec	Quarter 4 Jan-Mar	Position at week 52	Annual Target/Budget
Customer							
Customer Satisfaction Rate (%) (FCS ARM 06)	Percentage of satisfied audit clients	85%	92%	78%	96%	91%	85%
Achievement of Audit Plan							
Planned work completed (%) (FCS ARM 09)	Percentage of planned work which has been completed (cumulative)	17%	30%	43%	60%	60%	90%
Efficiency of Adherence to Audit Plan (FC5 ARM 03)	Efficiency of Adherence to the annual audit plan (cumulative)	18%	29%	56%	75%	75%	90%
Chargeable time (%) (FCS ARM 04)	Percentage of productive days as a measure of total days (cumulative)	67%	66%	63%	65%	65%	75%
Budget against Actual (FCS ARM 05)	Percentage of the audit plan completed within budget (cumulative)	-12%	1%	13%	7%	7%	0%
Timescales							
Formal Drafts issued (FCS ARM 08)	Figures taken from timescales spreadsheet	3	7	7	13	30	
Formal Drafts issued in agreed timescale (Draft reports)	Figures taken from timescales spreadsheet	3	6	7	11	27	
Formal Drafts issued in agreed timescale (Draft reports) (%)		100%	86%	100%	85%	90%	90%
Final Reports/MLs issued (FCS ARM 07)	Figures taken from timescales spreadsheet	3	8	8	12	31	
Final Reports/MLs issued in agreed timescale	Figures taken from timescales spreadsheet	3	7	8	12	30	
Final Reports/MLs issued in agreed timescale (Final reports) (%)		100%	88%	100%	100%	97%	90%

3rd June, 2021
Agenda Item No. 6

Post Audit Review Report

Report by: Avril Cunningham, Service Manager Audit and Risk Management Services

Wards Affected: All

Purpose

This Post Audit Review Report (PAR) relates to internal audit reports issued in the period 1 July 2020 to 31 March 2021. It also provides an update of progress for the period prior to 1 July 2020.

Recommendation(s)

Members are asked to note the contents of this report and the progress that has been made in implementing recommendations.

Resource Implications

N/A

Legal & Risk Implications

Non-implementation of recommendations could lead to control failures resulting in potential financial and/or non-financial losses to the Council.

Impact Assessment

An IIA Checklist is not required because the report does not impact on Council policy and does not require a decision.

Consultation

Audit Services has consulted with all subjects of the reports.

1.0 Background

- 1.1 Post audit review is a process by which internal audit reviews whether management has implemented its agreed action plan resulting from an audit previously carried out.
- 1.2 Audit Services uses Pentana, the Council's performance management system, to monitor progress with agreed actions. The use of the Pentana Actions Module means that all recommendations and Service actions, as agreed by Management and Audit, can be followed up on immediately after they become overdue, resulting in a more proactive approach to improvements.
- 1.3 Services update Pentana when recommendations are implemented. This indicates the Service's progress in implementing agreed actions and provides reasons for non-implementation of recommendations.
- 1.4 Audit Services carries out follow ups on a randomly selected sample of audit reports to verify implementation of recommendations.
- 1.5 Failure to update recommendations in Pentana results in triggers being breached and reminders issued to Services. Continued non-implementation of recommendations results in reminders to Heads of Service and Executive Directors, instances being reported to the Council Executive Team and then to this Committee.

2.0 Assessment

- 2.1 In the period 1 July 2020 to 31 March 2021, 26 audit reports have been issued and uploaded to Pentana, including two reports issued by External Audit. Details of the reports are contained in Appendix 1. Of the 66 recommendations in these reports, 54 have been fully implemented or appropriate alternative actions have been taken. The remaining 12 recommendations not fully implemented, have either not reached their implementation date or have had revised implementation dates agreed.
- 2.2 There are 24 reports (including three issued by External Audit) with outstanding recommendations issued between 1 February 2016 and 30 June 2020, which are detailed in Appendix 2 along with explanations for their delay. Of the 161 recommendations in these reports, 116 have been fully implemented or appropriate alternative actions have been taken. Of the remaining 45 recommendations not fully implemented, 19 are partly implemented, and the remaining 26 have had revised implementation dates agreed.
- 2.3 We will continue to monitor progress in implementation of these recommendations and, if necessary, report non-completion to this Committee. However, where Audit Services is satisfied that the risk posed by the non-implementation of a recommendation is low, no further action will be taken.

3.0 Conclusions

- 3.1 The process for Post Audit Reviews has introduced a structured procedure for following up on non-implementation of recommendations arising from audit reports, including reporting the outcomes to this Committee.
- 3.2 Delays in implementation have occurred due to the impact of COVID-19 and the number of recommendations not implemented have risen substantially from last year. However, revised implementation dates have been agreed with Services and outstanding actions will continue to be monitored until they have been completed to the satisfaction of Audit Services.
- 3.3 Although there are a number of agreed actions that have remained outstanding for prolonged periods, in my view, in the overall context of the Council's operations, the delayed implementation of these recommendations does not pose a significant risk.

List of Appendices

1. Appendix 1 – Results of reports issued covering the period 01/07/20 to 31/03/21.
2. Appendix 2 – Analysis of outstanding recommendations from reports issued prior to 01/07/20.

Background Papers

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

- No background papers

Report Contact

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Pentana Results for Reports Issued Covering the Period 01/07/2020 - 31/03/2021						Appendix 1
Audit	Report Number	Recommendations	Satisfactory Actions	Not Implemented		Current position
				Moderate	Substantial	
External Audit						
Fife Council 2019/20 Management Report	-	7	7	0	0	Complete
Annual Audit Report 2019/20	-	4	3	0	1	Recommendation relates to improving service performance reporting. Rec 4 - committee reports are online now. We are also actively looking at how we improve links with the revised Plan for Fife due in June this year. Revised timescale: 30/06/21
Internal Audit						
Communities						
CoBIT 5	39	4	4	0	0	Complete
Revenue Budget Setting and Monitoring	42	2	2	0	0	Complete
Audit of Grants to Voluntary Organisations - ENeRGI	44	2	2	0	0	Complete

Audit	Report Number	Recommendations	Satisfactory Actions	Not Implemented		Current position
				Moderate	Substantial	
Communities (continued)						
Contact Centre	48	1	1	0	0	Complete
Local Code of Corporate Governance	49	4	4	0	0	Complete
Gas Safety Checks	CF13	2	1	0	1	<p>This recommendation relates to allocating resources to ensure accurate and timely provision of gas safety certificates. Original implementation date: 31/03/2021</p> <p>Appropriate interim measures are in place, with a forthcoming restructure providing a permanent solution. Revised timescale: 31/12/2021</p>
Finance and Corporate Services						
Fitzgerald Trust	45	1	1	0	0	Complete
Revenue Budget Setting & Monitoring	42	1	1	0	0	Complete
Management of Service Requests and Incidents	38	4	4	0	0	Complete

Audit	Report Number	Recommendations	Satisfactory Actions	Not Implemented		Current position
				Moderate	Substantial	
Finance and Corporate Services (continued)						
Information Governance	46	9	4	2	3	<p>Recommendations relate to reviewing the Information Asset Register (IAR) and retention schedules, recording of items of enduring value, introducing Destruction Registers, and logging paper file movements. Original implementation dates ranged from: 31/03/2021 - 31/03/2022.</p> <p>Guidance note on Destruction Registers and Issue and Return of paper files will be issued within revised timescale of 30/09/2021.</p> <p>The IAR refresh has been rescheduled from June to December 2021 and will include recording of items of enduring value. Revised timescale: 31/12/2021</p> <p>The review of retention schedules has not reached its original due date: 31/03/2022</p>
Claim for European Parliamentary Election Fees & Charges	47	4	3	1	0	<p>The recommendation relates to documenting procedures. Original due date: 30/06/21,</p> <p>The action is likely to be completed by the due date.</p>

Audit	Report Number	Recommendations	Satisfactory Actions	Not Implemented		Current position
				Moderate	Substantial	
Finance and Corporate Services (continued)						
Health & Safety	52	1	0	1	0	<p>This recommendation related to reviewing health and safety performance indicators annually. Original due date 30/06/21</p> <p>The corporate health and safety performance indicators are under review and Pentana is being updated. This is likely to be complete by the due date.</p>
CoBIT 5	39	2	2	0	0	Complete
Management of Information	53	1	0	1	0	<p>Recommendation relates to the Card Payment Security Policy not being issued. Original due date : 31/03/21</p> <p>The policy needed further review in light of the new call centre solution. It is scheduled to go to the Information Governance Working Group on 15/06/2021. Revised timescale: 30/06/2021</p>
Licensing	37	2	2	0	0	Complete
Debtors	55	1	0	1	0	This has not yet reached the original implementation date of 30/09/21
Valuation List	56	0	0	0	0	No recommendations

Audit	Report Number	Recommendations	Satisfactory Actions	Not Implemented		Current position
				Moderate	Substantial	
Education & Children's Services						
Human Resources	41	4	4	0	0	Complete
Environment & Enterprise						
Revenue Budget Setting and Monitoring	40	1	1	0	0	Complete
Leasing of Industrial and Commercial Premises	36	1	1	0	0	Complete
Plan for Fife	54	0	0	0	0	No recommendations
Pitched Roofing Framework Agreement Review	CF12	5	5	0	0	Complete
Social Work						
Audit of Grants to Voluntary Organisations - ENeRGI	44	4	3	0	1	The recommendation relates to seeking clarification on ENeRgi's charitable status. Original due date: 31/02/2021 Registration is being processed and should be complete soon. Revised timescale: 30/04/2021
Risk Management and Business Continuity H&SC	50	6	6	0	0	Complete
TOTAL		66	54	6	6	

Analysis of outstanding recommendations from reports issued prior to 01/07/20									Appendix 2
Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
External Audit									
Fife Council Annual Audit Report 15-16	-	30/09/2016	9	9	0	0	0	0	Complete
Fife Council 2018/19 Management Report	-	23/07/2019	8	6	2	0	0	0	<p>Recommendations relate to clarification of operational and governance arrangements between the Council and IJB and reviewing arrangements for care home residents' funds. Original due date: 30/09/2019</p> <p>Clarifying operational and governance arrangements is dependent on completion of the review of the Integration Scheme by Fife Council and NHS Fife. Revised timescale: 30/09/2021.</p> <p>Costs, risks and benefits of different options will need to be considered and approved by the Service Leadership Team. Unfortunately, this has been significantly impacted by coronavirus. Revised timescale: 31/10/2021.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Fife Council Annual Audit Report 17/18	-	28/09/2018	3	0	3	0	0	0	<p>Rec. 1 relates to possible further amalgamation of charitable trusts (mainly very low-income). Original due date 31/12/2019. Further discussion will take place over May/June, to enable a set position by revised due date of 30th June 2021.</p> <p>Rec. 2 relates to reviewing cash balances required and investing surplus funds to achieve a better return. Original due date 31/12/2019. A report was considered in December 2020 due to Covid-19, but a further report to be presented to the April Common Good and Trust Subcommittee. The Statement of Investment Principles, including what should happen with cash balances, to be prepared after the investment strategy is approved. Revised timescale: 31/10/21</p> <p>Rec. 3 relates to working closely with its health and social care partners in redesigning adult health & social care services and mitigating medium term financial pressures. Original due date 31/12/2019. Redesign work has been impacted by the pandemic, the emergency arrangements for health, and the subsequent remobilisation of health & social care services. The medium-term financial strategy and redesign work is being further developed reflecting these impacts. Revised timescale: 31/12/21.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Internal Audit									
Finance and Corporate Services									
Contact Centre	434	01/02/2016	3	2	1	0	0	0	<p>The recommendation relates to customer bank card details not be captured on Contact Centre call recording and screen capture files. Original due date: 30/06/16</p> <p>The new 8x8 contact centre solution due to go live June will facilitate fixing the recording issue. However, the action will not be complete until interfaces are developed and tested with the new payment solution Adelante. Implementation dates have not yet been agreed with the supplier; therefore, it is not yet known if the current timescale of 30/06/21 is achievable.</p>
Insurance	475	21/02/2017	3	2	1	0	0	0	<p>Recommendation relates to bringing procedures up to date and reviewing regularly. Original due date: 30/09/2017</p> <p>While completion of revision to the established procedures have been delayed by resource issues and latterly Covid-19, the team is experienced, so the risk is minimal. Procedures have now been rewritten for most financial tasks, and the forthcoming recruitment for an additional post in the team will aid completion. Revised timescale: 30/09/21.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Finance and Corporate Services (continued)									
Human Resources - Corporate	518	13/06/2018	7	6	1	0	0	0	Recommendation relates to developing more metrics on Corporate HR performance, including on efficiency and effectiveness of recruitment and retention of staff. Original due date: 31/03/2021 Although Oracle Cloud was live from mid- November 2020, reporting is outstanding. This is a corporate issue and reports are in the process of being prioritised for the Council as a whole. Revised timescale: 30/09/2021.
SEEMiS	516	18/04/2018	14	10	0	2	2	0	<p>Recommendations relate to performing a risk assessment before entering into a future SEEMiS agreement, defining and documenting roles and responsibilities in future SEEMiS operational guides, following the standard set up, and setting up duplication alerts. Original due date: 31/01/2019</p> <p>The SEEMiS project has been delayed due to delays in developing the system and COVID 19 related issues. Current implementation plans indicate a roll out of the live system to start in January 2022, which will be phased over a few months. Prototypes may be available earlier in August 2021. It is expected that a new/updated contract will be issued to Local Authorities around August 2021, therefore the implementation dates have been revised to 31/08/21.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Finance and Corporate Services (continued)									
General Ledger	549	22/03/2019	2	1	0	1	0	0	<p>The recommendation relates to incorporating the recording of feeder files into the new system during the ERP replacement project. Original due date: 30/04/2020</p> <p>The new system did not include this functionality, therefore an alternative to using an Access Database is being explored. Timescale revised to 30/06/2021 to allow time to action this.</p>
Business Change - SharePoint	26	19/12/2019	2	1	0	1	0	0	<p>Rec 2 relates to BTS formalising lessons learned and carrying out amendments to the SharePoint structure. Original due date 31/05/2020</p> <p>The SharePoint roll-out project will be completed at the end of May with the implementation of the last functional area in Fife Council. The project will then enter a formal 'production handover' and 'close down' phase, at which time this action will be undertaken. Revised timescale 31/08/21.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Finance and Corporate Services (continued)									
Purchase Placements	539	06/11/2018	3	2	1	0	0	0	<p>Rec 10 relates to the awarding of a contract for secure transport.as soon as practicable. Original due date 30/06/2019</p> <p>This action is on hold. The strategy and tender documents for the procurement are ready to tender but it has not been appropriate to put this out to tender due to uncertainty of future requirements as all current cases are being held virtually, so no transport is required.</p> <p>It is thought that face to face will resume, but it is uncertain when and to what extent, In addition, the marketplace may not be able to respond to a tender exercise due to furloughed staff, and it would be difficult to bid in an informed way, in terms of our uncertain requirements and because their commercial operations may be significantly disrupted.</p> <p>Revised timescale: 30/07/2021</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Finance and Corporate Services (continued)									
Network Security	28	14/01/2020	24	22	1	0	1	0	<p>Recommendations relates to linking Active Directory (AD) permissions to job roles, maintaining an audit trail of changes, and random sample checking of AD accounts for correct network access. Original due dates range from 31/01/2020 to 30/6/2020.</p> <p>Rec 2 - Partly implemented. Originally delayed as linked to Oracle Cloud project. Work has been ongoing to link job roles to device type and system access; It is expected that these will be approved with services by 30/06/2021. Further work required to translate the roles into AD groups with significant resource required from services. This is planned to be fully completed by 30/06/2022.</p> <p>Rec 5 - Originally delayed as linked to Oracle Cloud project. Reports will need to be developed and resource is currently committed to the Novell decommissioning. Revised timescale 30/07/2021.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Finance and Corporate Services (continued)									
Payroll and Expenses	7	30/07/2010	10	9	0	1	0	0	<p>Rec. 8 relates to staff in Payroll Processing, Payroll Transactions and Recruitment ensuring that Data Protection training has been completed and recorded on a Data Protection Log. Original due date: 31/06/2020.</p> <p>The Payroll team are struggling for time to do this due to the current workload but have agreed to complete for all staff by June 2021. Revised timescale: 30/06/21.</p>
Communities									
Council Tax Discounts and Exemptions	35	19/03/2020	1	0	0	0	1	0	<p>This recommendation relates to carrying out a full discount and exemption review. Original due date 30/06/2020.</p> <p>The third-party contractor used for single person discounts has been approached to undertake a full review, but progress has been delayed by Covid-19. Revised timescale: 30/11/2021.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Communities (continued)									
Fees & Charges	547	04/03/2019	20	16	0	2	2	0	<p>These recommendations relate to improvements in processes for fees and charges in community use establishments. Original due date 31/10/2019.</p> <p>These actions will be resolved with the implementation of the new Leisure Management System, which has new payment and banking procedures. The roll-out starts across Community Use facilities from August and is anticipated to be completed by June 2022.</p>
Business Change - SharePoint	25	13/12/2019	1	0	0	0	1	0	<p>Rec 1 related to finalising the Business Change Framework. Original due date 30/04/2020</p> <p>This has been overtaken by events. The reform and recovery work will continue to be a priority through 2021. FISH is also being decommissioned next year and as part of that we will rationalise all the guidance. Revised implementation date 21/03/2022.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Communities (continued)									
Repairs & Maintenance - Council Houses Follow Up	460	30/09/2016	8	7	1	0	0	0	<p>The part of this recommendation not implemented relates to the possibility of automating alerts for asbestos inspections. Original due date 30/12/2017.</p> <p>Progress has been impacted by a change in a takeover of the software supplier, new processes and a change of support staff. Action is underway to resolve various issues to allow reports to be provided. A further meeting has been scheduled in June to discuss future requirements and potential options for moving forward. Revised timescale: 31/10/2021.</p>
Business Change - SharePoint	25	13/12/2019	1	0	0	0	1	0	<p>Rec 1 related to finalising the Business Change Framework. Original due date 30/04/2020.</p> <p>This has been overtaken by events. The reform and recovery work will continue to be a priority through 2021. FISH is also being decommissioned next year and as part of that we will rationalise all the guidance. Revised implementation date 21/03/2022.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Communities (continued)									
Housing Allocations	CF5	15/10/2019	6	2	4	0	0	0	<p>Recommendations relate to updating procedures for conflict of interest, input checks on applications, updating of the Service risk register and enhancing fraud awareness. Original due dates ranged from 31/03/2020 to 31/12/2020.</p> <p>Progress on the remaining actions has been delayed but assurance has been given that all will be complete by 30 June 2021.</p>
Environment and Enterprise									
Payroll and Expenses	7	30/07/2019	15	13	2	0	0	0	<p>Recommendations relate to review of processes and procedures Original due dates range from 30/09/2019 to 30/4/2020</p> <p>The remaining two actions are in progress but has been delayed by Covid-19. The aim is to have laptops in all kitchens by June 2021, with a roll out of training/procedures to all unit supervisors by December 2021.</p>

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Enterprise and Environment (continued)									
Compliance with Information Security Policies	18	20/11/2020	2	0	0	2	0	0	<p>Recommendations relate to additional security measures at the Computer Centre and associated server rooms. Original due dates range from 30/11/2019 to 31/12/2019</p> <p>The work was requested some time ago and is now being treated as a priority. Progress will be monitored by BTS. Revised timescale: 30/06/2021.</p>
Asset Management 2019-20	19	29/03/2019	9		0	1	8	0	<p>Recommendations relate to a review of processes, updating of procedures and subsequent training of operatives. Original due dates ranged from 01/06/20 to 31/03/2021</p> <p>Timescale for all recommendations extended to 30/06/21 due to the impact of the pandemic and the delay in the upgrade to the Fleet Management System. However, the main risks have been closed off with manual processes and potential exposures are covered. Staff training will take place after the upgrade, which is scheduled for mid-June.</p>
Local Code of Corporate Governance	27	13/02/2020	1	1	0	0	0	0	Complete

Audit	Report Number	Date Issued	Recommendations	Satisfactory Actions	Partly Implemented	Not Implemented Moderate	Not implemented Substantial	No Longer Applicable	Current position
Education & Children's Services									
Risk Management and Business Continuity	14	03/10/2019	2	0	2	0	0	0	<p>This recommendation relates to producing an action plan to drive improvements in risk management maturity within the Directorate. Original due date 31/07/2020</p> <p>An action plan has been drafted, but implementation has been delayed due to the pandemic. Revised timescale: 31/05/21.</p>
Management of Information Education & Children's Services	31	05/03/2020	3	2	0	0	1	0	<p>This recommendation relates to updating the Information Asset Register. Original due date 31/03/20</p> <p>This will form part of the Corporate Information Asset Register review, which has been delayed due to Covid-19, but is now scheduled for July-December of this year. Revised timescale: 31/05/2021</p>
Community Payback by Offenders - Unpaid Work	CF11	19/05/2020	5	5	0	0	0	0	Complete
Total			161	116	19	10	16	0	

3rd June, 2021

Agenda Item No. 7

Audit Scotland – Annual Audit Plan Fife Council

Report by: Elaine Muir, Head of Finance

Wards Affected: All

Purpose

The attached report provides members with details of Audit Scotland's annual audit plan for Fife Council for the financial year 2020/21 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 Audit Scotland annual audit plan 2020/21

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.

Equality Impact Assessment Summary Report

(to be attached as an Appendix to the committee report)

<p>Which Committee report does this IA relate to (specify meeting date)?</p> <p>Annual Audit plan 03 June 2021</p>
<p>What are the main impacts on equality?</p> <p>None</p>
<p>What are the main recommendations to enhance or mitigate the impacts identified?</p> <p>N/A</p>
<p>If there are no equality impacts on any of the protected characteristics, please explain.</p> <p>No changes to Council policy</p>
<p>Further information is available from: Name / position / contact details:</p> <p>Laura Robertson Finance Operations Manager Laurac.robertson@fife.gov.uk</p>

Fife Council

Annual Audit Plan 2020/21



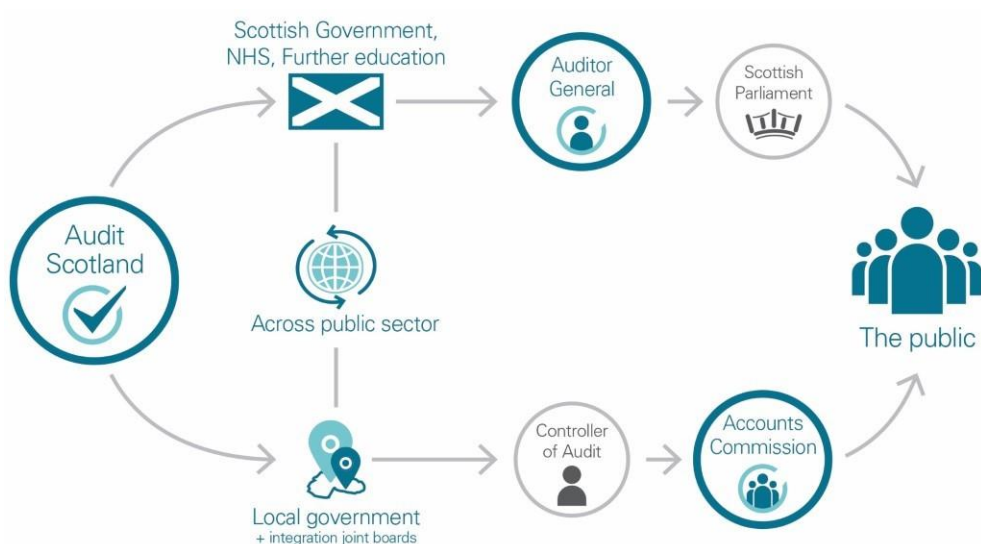
 AUDIT SCOTLAND

Prepared for Fife Council
April 2021

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Risks and planned work	4
Audit scope and timing	10

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the Code of Audit Practice, and guidance on planning the audit. This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit including the audit of Best Value.
2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.
3. The public health crisis caused by the coronavirus disease 2019 (COVID-19) pandemic has had a significant and profound effect on every aspect of Scottish society. Public services have been drastically affected, requiring immediate changes to the way they are provided. The impact on public finances has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.
4. Public audit has an important contribution to the recovery and renewal of public services. The Auditor General, the Accounts Commission and Audit Scotland are responding to the risks to public services and finances from COVID-19 across the full range of audit work including annual audits and the programme of performance audits. The well-being of audit teams and the delivery of high-quality audits remain paramount. Maintaining a pragmatic and flexible approach will enable change at short notice as new issues emerge, or current risks change in significance. Where this impacts on annual audits, an addendum to this annual audit plan may be necessary.

Adding value


5. We aim to add value to Fife Council through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help Fife Council promote improved standards of governance, better management and decision making and more effective use of resources.


Audit risks


6. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following significant risks for Fife Council. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1

2020/21 Significant audit risks

	Audit Risk	Source of assurance	Planned audit work
Financial statements risks			
1	<p>Risk of material misstatement caused by management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business.
2	<p>Risk of material misstatement in estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets, and pensions. This subjectivity represents an increased risk of misstatement in the financial statements.</p> <p>As a result of the COVID-19 pandemic, valuers issued material uncertainty declarations as part of their valuations of non-current assets and some pension fund investments in 2019-20. If this remains in place for 2020-21, disclosures in the accounts will be required.</p>	<p>The Council has in place sound accounting policies regarding these areas and complies with all current accounting standards in relation to them.</p> <p>The accounts are prepared by qualified accountants following a robust process and timetable to ensure compliance with the above accounting standards.</p>	<ul style="list-style-type: none"> • Assessment of the scope, independence and competence of the professionals engaged in providing estimates for non-current assets and pensions. • Review appropriateness of actuarial assumptions and results including comparison with other councils. • Walkthrough the process of valuation to understand the basis for significant judgements • Establish officer's arrangements for ensuring the completeness and accuracy of professional estimations for non-current assets and pensions. • Consider the impact of any material uncertainty in valuations on our audit opinion.
3	<p>New financial and payroll systems</p> <p>During 2020/21, Fife Council introduced new general ledger, accounts payable and payroll systems. The systems went live in July 2020 and November 2020.</p> <p>The new systems will be used to produce the 2020/21 financial statements, and, as with any major</p>	<p>Experienced project teams overseen the implementation of both systems and have continued to be in place for the remainder of the year.</p> <p>Year End team have established a working group with project team members to ensure the</p>	<ul style="list-style-type: none"> • Establish, review and test the controls in place within the general ledger, accounts payable and payroll systems. • Confirm the completeness and accuracy of the balances transferred from the old systems to the new.

	Audit Risk	Source of assurance	Planned audit work
	change in financial systems, there is an increased risk of misstatement in the figures and balances.	development of robust processes and procedures. The accounts are prepared by qualified accountants following a robust process and timetable to ensure compliance with the above accounting standards.	
4	<p data-bbox="258 638 625 784">COVID-19 Covid-19 has had a significant impact on the council in the 2020/21 audit year:</p> <ul data-bbox="258 795 678 1892" style="list-style-type: none"> <li data-bbox="258 795 678 1164">• Financial Management – increases in expenditure caused by the pandemic have been largely met through additional Scottish Government grants and increased flexibilities for certain areas of funding and accounting practices. In February, the Council was forecasting a deficit of £3.6 million at 31 March 2021. <li data-bbox="258 1176 678 1422">• Financial reporting - The Council are required to make judgements on the correct accounting treatment in relation to additional funding arrangements – including whether the council is acting as agent or principal. <li data-bbox="258 1433 678 1892">• Administration of business support grants - Fife Council has been asked to administer more than £90 million of COVID-19 business support grant payments on behalf of the Scottish Government in 2020-21. Nearly £30 million of this has been paid by Business Gateway Fife on behalf of the Council. There is a risk that the internal controls and governance arrangements were not suitably robust to mitigate fraud. 	<p data-bbox="705 638 1018 862">The Council has reported extensively on the expected financial position, including the financial impact relating to COVID-19 throughout the financial year.</p> <p data-bbox="705 873 1018 1086">Year end processes and procedures have been developed to include specific work associated with Accounting for COVID-19 costs and additional grants.</p> <p data-bbox="705 1097 1018 1254">It is anticipated that there will be a significant but temporary increase in the level of reserves at 2020/21.</p> <p data-bbox="705 1265 1018 1456">Details of accounting treatment of grants and Agency/Principal have been provided by LASAAC and these will be adhered to.</p> <p data-bbox="705 1467 1018 1601">Processes and procedures put in place to manage the business support grants.</p>	<ul data-bbox="1061 638 1423 1892" style="list-style-type: none"> <li data-bbox="1061 638 1423 862">• Review the 2020-21 outturn position and assess the impact of COVID-19 related expenditure and funding on the council's reserves position. <li data-bbox="1061 873 1423 1120">• Review treatment and disclosure of COVID-19 funding in the 2020/21 accounts and confirm that this is in line with Scottish Government and CIPFA/LASAAC guidance on accounting. <li data-bbox="1061 1131 1423 1254">• Discussions with management during the year to consider the use of financial flexibilities. <li data-bbox="1061 1265 1423 1444">• For the most significant support grants (by value), establish the conditions attached and the associated controls implemented over these. <li data-bbox="1061 1456 1423 1579">• Confirm existence and operation of these controls by completing a walkthrough. <li data-bbox="1061 1590 1423 1646">• Review potential NFI data matches. <li data-bbox="1061 1657 1423 1713">• Review of Internal Audit work on Covid-19 grants. <li data-bbox="1061 1724 1423 1892">• Assess any national reporting of business grant performance and discuss any issues with officers.
Wider dimension risks			
5	<p data-bbox="258 2027 662 2139">Financial sustainability Scottish Government covid-19 funding is unlikely to be recurring.</p>	<p data-bbox="705 2072 1005 2139">The Council approved its Revenue Budget on 11</p>	<ul data-bbox="1061 2027 1423 2094" style="list-style-type: none"> <li data-bbox="1061 2027 1423 2094">• Review the impact of COVID-19 on the 2021-22

	Audit Risk	Source of assurance	Planned audit work
	<p>The Council's ability to achieve efficiency savings has been impacted by the pandemic with only 59% forecasted to be achieved in 2020-21 compared to 85% in 2019-20.</p> <p>Current risk share arrangements as part of health and social care integration are being considered as part of the review of the Integration Scheme due for completion by 31 March 2021.</p> <p>With a relatively low level of general fund reserves, the medium-term financial outlook presents a risk to the financial sustainability of the council.</p>	<p>March 2021 which contained details of expected reserves as well as a risk register. The budget report sets out the intention for ensuring that the optimum funding solutions are applied in 2021/22 along with a review of the medium term financial strategy.</p> <p>Monitoring of achievement of savings continues to be reported to Policy and Co-ordination Committee.</p>	<p>budget and medium-term financial plans.</p> <ul style="list-style-type: none"> Assess the impact of any changes to the risk share arrangements for the Integrated Joint Board.

Source: Audit Scotland

- We have considered the risk of fraud in ISA 240 including over income recognition and over expenditure in accordance with Practice Note 10. We have rebutted the presumption that a material risk exists, except for management override above. This is based on the extent of income and expenditure which is received and issued to other parts of the public sector (including Scottish Government Funding and expenditure on the IJB, other NHS boards and councils).
- For the areas that are subject to some risk, we have considered the incidence of fraud using National Fraud Initiative and Counter Fraud Service outcomes. We have assessed that the volume of transactions, that would need to be fraudulent to prove a material risk, is implausible. Our audit testing is directed towards testing significant and unusual transactions and towards assessing accounting estimates to address any residual risk, as part of our standard fraud procedures. We review controls over key areas of risk and will review any additional controls required due to Covid-19 additional funding and expenditure.

Reporting arrangements

- Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.
- Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.
- We will provide an independent auditor's report to Fife Council and the Accounts Commission setting out our opinions on the annual accounts. We will provide the Accountable Officer and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

Exhibit 2

2020/21 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	5 April 2021	15 April 2021
Management Report	25 June 2021	August 2021
Independent Auditor's Report	15 October 2021 (Proposed)	29 October 2021 (Signed)
Annual Audit Report	15 October 2021 (Draft)	29 October 2021 (Final)

Source: Audit Scotland

The audit of trusts registered as Scottish charities

12. Members of Fife Council are sole trustees for 46 trusts, registered as Scottish charities, with total assets of some £1.6 million. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.
13. The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. Section 7 (1) of the regulations allows for a single set of accounts to be prepared incorporating all the registered charities and this approach has been applied to the Fife Council charities. We will perform the audit of the council's charitable trusts in parallel with the audit of Fife Council's financial statements.
14. Based on our initial planning work There are no specific risks for the audit of Fife Charitable Trusts which we require to bring to your attention.

Audit fee

15. The proposed audit fee for the 2020/21 audit of Fife Council is £534,970 (£522,470 in 2019/20). In determining the audit fee we have taken account of the risk exposure of Fife Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual accounts, with a complete working paper package on 30 June 2021.
16. We have also proposed an audit fee of £6,850 (2018/19 £6,700) for the charitable trusts.
17. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Responsibilities

Standards and Audit Committee and Accountable Officer

18. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.
19. The audit of the annual accounts does not relieve management or the standards and Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

- 20.** Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.
- 21.** Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the audited body to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Annual accounts

- 22.** The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:
- understanding the business of Fife Council and the associated risks which could impact on the financial statements
 - assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
 - identifying major transaction streams, balances and areas of estimation and understanding how Fife Council will include these in the financial statements
 - assessing the risks of material misstatement in the financial statements
 - determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.
- 23.** We will give an opinion on whether the financial statements:
- give a true and fair view of the state of affairs of Fife Council and its group as at 31 March 2021 and of the income and expenditure of Fife Council and its group for the year then ended;
 - have been properly prepared in accordance with the financial reporting framework.



Statutory other information in the annual accounts

- 24.** We also review and report on statutory other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.
- 25.** We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

- 26.** We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.
- 27.** We calculate materiality at different levels as described below. The calculated materiality values for Fife Council and Fife Council Charitable Trusts are set out in [Exhibit 3](#).

Exhibit 3

Materiality values

Materiality – Fife Council	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2020 with an additional uplift based on the current forecast expenditure for 2020/21.	£16 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 50% of planning materiality.	£8 million
Reporting threshold (i.e., clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the ‘reporting threshold’ amount. This has been calculated at 2% of planning materiality.	£250,000
Materiality – Fife Council Charitable Trusts	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of assets for the year ended 31 March 2020 based on the latest audited accounts for 2019.	£15,000
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 70% of planning materiality.	£10,000
Transaction performance materiality - This is a separate trigger point for errors identified in Expenditure on charitable activities in the Statement of Financial Activities and was calculated at 1% of gross expenditure based on the latest audited accounts x 70%	£320
Reporting threshold (i.e., clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the ‘reporting threshold’ amount. This has been calculated at 1% of planning materiality.	£150



Source: Audit Scotland

Timetable

28. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 4](#)

Exhibit 4

Annual accounts timetable

 Key stage	 Date
Consideration of unaudited annual report and accounts by those charged with	29 June 2021
Latest submission date of unaudited annual report and accounts with complete working papers package	30 June 2021
Latest date for final clearance meeting with Financial Operations Manager and Head of Finance	1 October 2021
Agreement of audited unsigned annual accounts; Issue of agreed draft Annual Audit Report including ISA 260 requirements, draft letter of representation and proposed independent auditor's report to Standards and Audit Committee	15 October 2021
Meeting of the Standards and Audit Committee to approve the audited annual accounts for signature by the Co-leaders, Chief Executive and Executive Director of Finance and Corporate Services	29 October 2021
Independent auditor's report signed	29 October 2021
Issue of Annual Audit Report to those charged with governance	29 October 2021

Internal audit

29. Internal audit is provided by Fife Council's Audit and Risk Management Service (ARMS). As part of our planning process we carry out an annual assessment of the internal audit function and have concluded that ARMS, generally, operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has appropriate documentation standards and reporting procedures in place.

Using the work of internal audit

30. International Auditing Standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication. We plan to consider the findings of the work of internal audit as part of our planning process to minimise duplication of effort and to ensure the total resource is used efficiently or effectively.

31. From our initial review of internal audit plans we plan to place formal reliance on internal audit work in the following area:

- Non-Domestic Rates
- Valuation List

Audit dimensions

32. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5 Audit dimensions



Source: Code of Audit Practice

33. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

34. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps.

Financial management

35. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether arrangements are in place to ensure systems of internal control are operating effectively
- the effectiveness of budgetary control systems in communicating accurate and timely financial performance can be demonstrated
- how Fife Council has assured itself that its financial capacity and skills are appropriate
- whether there are appropriate and effective arrangements in place for the prevention and detection of fraud and corruption.

Governance and transparency

36. Governance and transparency are concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether Fife Council can demonstrate that the governance arrangements in place are appropriate and operating effectively (including services delivered by, or in partnership with, others such as ALEOs).
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

Value for money

37. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether Fife Council can demonstrate:

- value for money in the use of resources
- there is a clear link between money spent, output and outcomes delivered.
- that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

Best Value

38. The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincided with the new five-year audit appointments. Auditors started using the framework for their audit work from October 2016.

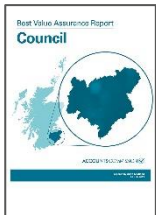
39. A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed comprehensively over the five-year audit appointment, both through the ongoing annual audit work, and through discrete packages of work to look at specific issues. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report for each council that will provide a rounded picture of the council overall.
- an annual assurance and risks report that the Controller of Audit will provide to the Commission that will highlight issues from across all 32 council annual audit reports.
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five-year period.

40. The four councils on which a BVAR will be published during the fifth year of the new approach are listed in [Exhibit 6](#). Reports will be considered by the Accounts Commission in the period between March and November 2021.

Exhibit 6

2020/21 Best Value Assurance Reports

	Aberdeen City Council	Falkirk Council
	South Ayrshire Council	
	East Dunbartonshire Council	

Source: Audit Scotland

41. The work planned in Fife Council this year will focus on the Council's approach to implementing the outstanding recommendations included in the Council's BVAR published in May 2018. Detailed audit work will be performed about:
- progress with governance and transformation in relation to the Fife Health & Social Care Partnership
 - progress with delivery of the Plan for Fife, which is due to be refreshed and aligned with the Council's pandemic recovery plan.
42. We reported on progress in our 2019/20 management report published in August 2020 and we plan to provide a further update in our Annual Audit Report this year.

Independence and objectivity

43. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.
44. The engagement lead (i.e. appointed auditor) for Fife Council is Brian Howarth, Audit Director. The engagement lead for Fife Council Charitable Trusts is Patricia Fraser, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Fife Council.

Quality control

45. International Standard on Quality Control 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.
46. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal

quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

- 47.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time, and this may be directed to the engagement lead.

Fife Council

Annual Audit Plan 2020/21

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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Standards and Audit Committee
Forward Work Programme as of 27/05/2021 1/2

Standards and Audit Committee of 29th June, 2021			
Title	Service(s)	Contact(s)	Comments
Minute of meeting on 03.06.21			
Unaudited FC Annual Accounts		Elaine Muir	
Final Risk Management Strategy and Risk Register Review		Avril Cunningham	
Unaudited Charitable Accounts		Elaine Muir	
Assurance Statement 2021		Avril Cunningham, Carolyn Ward	Deferred to meeting on 29.06.21

Standards and Audit Committee of 7th October 2021			
Title	Service(s)	Contact(s)	Comments
Minute of meeting on 29.06.21			
Information Requests - Annual Report 2020/21	Communities	Laura McDonald-im	Annual report expected Nov/Dec 2021
Data Protection Annual Report	Legal & Democratic Services	Fiona Stuart	First Annual report to Committee in Dec 2020, thereafter due annually August/September
Complaints Performance Update		David Thomson-CRM	last committee date Sept 2020
RISPA Legislation - Annual Report		Head of Legal and Democratic Services	Annual report on the Council's use of its surveillance powers under RISPA legislation. Report submitted 2020 covering 18 months as it was delayed due to Covid, next report due Oct 2021.

Standards and Audit Committee of 28th October 2021			
Title	Service(s)	Contact(s)	Comments
Minute of meeting on 07.10.21			
Fife Council and Charitable Trusts Annual Audit Report and Audited Annual Accounts 2020/21		Elaine Muir	

Standards and Audit Committee of 16th December 2021			
Title	Service(s)	Contact(s)	Comments
Minute of meeting 28.10.21			
The Standards Commission for Scotland Annual Report 2020/21		Helena Couperwhite	Annual Report, expected Nov/Dec 2021
IJB Annual Audit Report 2020/21	Finance and Corporate Services	Avril Cunningham/Carolyn Ward	Annual report expected Nov/Dec 2021

Standards and Audit Committee of 17th February 2022			
Title	Service(s)	Contact(s)	Comments
Minute of meeting 16.12.21			

Unallocated			
Title	Service(s)	Contact(s)	Comments
Financial Overview Report		Elaine Muir	
Local Government in Scotland: Challenges and Performance		Niki Ross	report from Audit Scotland