

Standards and Audit Committee

Due to Scottish Government guidance relating to Covid-19, this meeting will be held remotely.



Tuesday, 19th April, 2022 - 10.00 a.m.

AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest in particular items on the agenda and the nature of the interest(s) at this stage.
3. **MINUTE** – Minute of the meeting of the Standards and Audit Committee of 16th December, 2021. 3 – 5
4. **AUDIT SCOTLAND - ANNUAL AUDIT PLAN FIFE COUNCIL** – Report by the Head of Finance. 6 – 26
5. **POST AUDIT REVIEW (PAR) REPORT** – Report by the Service Manager – Audit and Risk Management Services. 27 – 49
6. **2021/22 ISSUED AUDIT REPORTS** – Report by the Service Manager - Audit & Risk Management Services. 50 – 56
7. **RISK MANAGEMENT POLICY, STRATEGY AND STRATEGIC RISK REGISTER** – Report by the Executive Director – Finance and Corporate Services. 57 – 95
8. **2022/23 INTERNAL AUDIT PLAN** – Report by the Service Manager - Audit and Risk Management Services. 96 – 113
9. **DATA PROTECTION TRAINING - UPDATE REPORT** – Report by the Head of Legal and Democratic Services. 114 – 117
10. **STANDARDS AND AUDIT COMMITTEE FORWARD WORK PROGRAMME** 118

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

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

Fife/

Fife House
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12th April, 2022

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THE FIFE COUNCIL - STANDARDS AND AUDIT COMMITTEE – REMOTE MEETING

16th December, 2021

10.00 a.m. – 11.05 a.m.

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

ATTENDING: Eileen Rowand, Executive Director - Finance & Corporate Services, Elaine Muir, Head of Finance, Laura C Robertson, Finance Operations Manager, Pamela Redpath, Service Manager, Audit and Risk Management Services, Anne Bence, Accountant, Paul Noble, Accountant, Finance Services; Lindsay Thomson, Head of Legal and Democratic Services, Helena Couperwhite, Manager - Committee Services and Wendy Macgregor, Committee Officer, Legal and Democratic Services, Finance and Corporate Services.

ALSO ATTENDING: Brian Howarth, Audit Director, Patricia Fraser, Senior Audit Manager and Ross Hubert, Auditor, Audit Scotland.

APOLOGY FOR ABSENCE: Councillor Gordon Langlands.

198. DECLARATIONS OF INTEREST

Councillor Lesley Backhouse declared an interest in para 200 - Fife Council and Charitable Trusts - Annual Audit Report and Audited Accounts, as she was a Fife Council member on the boards of the Fife Cultural Trust and Fife Golf Trust.

199. MINUTE

The Committee considered the minute of the meeting of the Standards and Audit Committee of 7th October, 2021.

Decision

The Committee agreed to approve the minute.

200. FIFE COUNCIL AND CHARITABLE TRUSTS - ANNUAL AUDIT REPORT AND AUDITED ACCOUNTS

The Committee considered a report by the Executive Director of Finance and Corporate Services, containing the Audited Accounts for Fife Council and Charitable Trusts for 2020-21, as well as, the Annual Audit Report. The report also provides a brief response to the External Auditor's report to Fife Council and the Controller of Audit.

Decision/

Decision

The Committee:-

- (1) approved the Audited Accounts for signature;
- (2) noted the report by Audit Scotland, the Council's External Auditors and the management responses; and
- (3) acknowledged thanks and appreciation from the Head of Finance to Fife Council Finance Services staff for their contribution in the preparation of the Annual Accounts during a challenging year, also to the staff from Audit Scotland for their contribution to the process.

201. 2020/21 NATIONAL FRAUD INITIATIVE EXERCISE - PROGRESS TO DATE

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on progress to date on the 2020/21 National Fraud Initiative Exercise.

Decision

The Committee:-

- (1) noted the content of the report; and
- (2) acknowledged the progress made to date.

202. 2021/22 ISSUED AUDIT REPORTS

The Committee considered a report by the Service Manager, Audit and Risk Management Services updating members on an analysis of the findings in audit reports issued since the last report to the Committee. The report highlights areas of concern and instances where Services have not taken appropriate action.

Decision

The Committee noted:-

- (1) the contents of this report; and
- (2) the analysis of Issued Audit Reports at Appendix 1.

203. REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000

The Committee considered a report by the Head of Legal and Democratic Services updating members on the use of the Regulation of Investigatory Powers (Scotland) Act 2000 (RISPA), since 2019.

Decision/

Decision

The Committee noted:-

- (1) the use of the RISPA powers since 2019; and
- (2) that the Investigatory Powers Commissioner's Office would carry out an inspection of the Council's use of covert surveillance in the first quarter of 2022, and that a report providing an update on the outcome of the inspection would be submitted to the next available meeting of the Committee.

204. THE STANDARDS COMMISSION FOR SCOTLAND - ANNUAL REPORT AND ACCOUNTS FOR 2020/21 AND DECISIONS TAKEN BY THE HEARING PANEL OF THE SCS

The Committee considered a report by the Head of Legal and Democratic Services advising that the Standards Commission for Scotland had published its annual report and accounts for 2020/21; and to report on the findings of the Hearing Panel of the Standards Commission for Scotland during 2020/21.

Decision

The Committee noted:-

- (1) the Standards Commission for Scotland annual report and accounts for 2020/21; the findings of the Commissioner and the decisions of the Hearing Panel of the Standards Commission for Scotland, which would continue to be monitored and appropriate reports and/or advice given to the Council; and
- (2) that a link to the Annual Report had been circulated to all members of the Committee.

205. STANDARDS AND AUDIT COMMITTEE FORWARD WORK PROGRAMME

The Committee considered the Standards and Audit Forward Work Programme.

Decision

The Committee noted the Standards and Audit Forward Work Programme which would be updated accordingly.

19th April, 2022

Agenda Item No. 4

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 2021/22 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 2021/22

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)

Which Committee report does this IA relate to (specify meeting date)?

Annual Audit plan 19 April 2022

What are the main impacts on equality?

None

What are the main recommendations to enhance or mitigate the impacts identified?

N/A

If there are no equality impacts on any of the protected characteristics, please explain.

No changes to Council policy

Further information is available from: Name / position / contact details:

Laura Robertson

Finance Operations Manager

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Fife Council

Annual Audit Plan 2021/22



 AUDIT SCOTLAND

Prepared for Fife Council
April 2022

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Introduction

Summary of planned audit work

1. This document summarises the work plan for our 2021/22 external audit of Fife Council. The main elements of our work include:

- evaluation of the key controls within the main accounting systems
- an audit of the Annual Accounts of Fife Council and its group and provision of an Independent Auditor's Report setting out our audit opinions on the financial statements and other statutory information including the Management Commentary, the Corporate Governance Statement and the Remuneration and Staff Report
- consideration of arrangements in relation to the audit dimensions: financial management, financial sustainability, governance and transparency and value for money that frame the wider scope of public sector audit
- consideration of Best Value arrangements
- providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts (WGA) return
- reviewing arrangements for preparing and publishing statutory performance information
- reviewing the council's participation in the National Fraud Initiative.

Impact of Covid-19

2. The coronavirus disease (Covid-19) pandemic has had a significant impact on public services and public finances, and the effects will be felt well into the future.

3. The Auditor General for Scotland, the Accounts Commission and Audit Scotland continue to assess the risks to public services and finances from Covid-19 across the full range of our 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. Changes in our approach may be necessary and where this impacts on annual audits, revisions to this Annual Audit Plan may be required.

Adding value

4. 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 will help Fife Council promote improved standards of governance, better management and decision making and more effective use of resources. Additionally, we attend meetings of the Standards and Audit Committee and actively participate in discussions.

Respective responsibilities of the auditor and Fife Council

5. The [Code of Audit Practice \(2016\)](#) sets out in detail the respective responsibilities of the auditor and Fife Council. Key responsibilities are summarised below.

Auditor responsibilities

6. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

7. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual report and 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.

Fife Council responsibilities

8. Fife Council is responsible for maintaining accounting records and preparing financial statements that give a true and fair view.

9. Also, Fife Council has 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 deliver their objectives.

Managing the transition to 2022/23 audits

10. Audit appointments are usually for five years but were extended to six years due to Covid-19. 2021/22 is the final year of the current appointment and we will work closely with our successors to ensure a well-managed transition.

Financial statements audit planning

Materiality

11. Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

Materiality levels for the 2021/22 audit

12. We assess materiality at different levels as described in [Exhibit 1](#). The materiality values for Fife Council (single entity and group) are set out in [Exhibit 1](#).

Exhibit 1

2021/22 Materiality levels for Fife Council (single entity and group)

Materiality	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 2022 based on the latest audited financial statements for 2020/21.	£15 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 assessed performance materiality at 50% of planning materiality.	£7.5 million
Reporting threshold (ie clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£250,000

Source: Audit Scotland

Significant risks of material misstatement to the financial statements

13. Our risk assessment draws on our cumulative knowledge of Fife Council, its major transaction streams, key systems of internal control and risk management processes. Also, it is informed by our discussions with management, meetings with internal audit, attendance at committees and a review of supporting information.

14. Based on our risk assessment process, we identified the following significant risks of material misstatement to the financial statements. These are risks which have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risk, the sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurance over the risk.

Exhibit 2

2021/22 Significant risks of material misstatement to the financial statements

Significant risk of material misstatement	Sources of assurance	Planned audit response
<p>1. Risk of material misstatement due to fraud caused by the management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</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"> • Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals at the year-end and post-closing entries and focus on significant risk areas and transactions with related parties. • Evaluate significant transactions outside the normal course of business. • Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year. • Perform substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Perform focussed testing of accounting accruals and prepayments.
<p>2. Estimation in the valuation of other land and buildings</p> <p>Fife Council hold land and buildings (non-housing) with a NBV of £2,039</p>	<p>Council procedures and controls around valuation and accounting.</p>	<ul style="list-style-type: none"> • Review the information provided to the valuer to assess for completeness. • Evaluate the competence, capabilities, and objectivity of the professional valuer. • Complete a walkthrough of the valuation process to obtain an understanding of the

Significant risk of material misstatement	Sources of assurance	Planned audit response
<p>million at 31 March 2021. Land and buildings are revalued on a five-year rolling basis. Valuations are carried out by the Council's internal valuer. In intervening years, indexation is applied to reflect movements in BCIS price index.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p> <p>The 2021/22 revaluation exercise is planned to cover a significant proportion of the estate.</p> <p>There is a risk that valuations will change significantly in 2021/22 and create material uncertainty over assets not subject to revaluation.</p>		<p>process, including the methodologies and assumptions applied.</p> <ul style="list-style-type: none"> • Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred. • Examine management's assessment of any assets not revalued in 2021/22 against evidence of changes in other revalued assets. • Test the reconciliation between the financial ledger and the property asset register. • Perform sample testing of individual asset valuations and lives.

Source: Audit Scotland

15. As set out in International Standard on Auditing (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statement*, there is a presumed risk of fraud in the recognition of revenue. We have considered the risk of fraud over income recognition (ISA 240). We also considered the risk of fraud over expenditure, as most public bodies are net spending bodies, and the risk of external fraud (in accordance with Practice Note 10 (Audit of Financial Statements and Regularity of Public Sector Bodies in the UK)).

16. We have rebutted the presumption that a material risk exists, with the exception of management override, as noted above. This is on the basis that:

- there are generally no incentives for staff to commit fraudulent financial reporting

- most income is provided by the Scottish Government and other public bodies and is easily verified
- most expenditure is in low-risk areas where individual transactions are well-controlled (for example salaried staff costs in a well-defined grading system) and individual transactions are relatively small in scale, with management or committee approval required for material transactions
- evidence of external fraud from the National Fraud Initiative does not indicate material risks
- experience in the sector and of the audit of Fife Council, including a review of past misstatements.

17. 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 have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

Other areas of audit focus

18. As part of our assessment of audit risks, we have identified one other area where we consider there to be a risk of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we do not consider this represents a significant risk. We will keep the area under review as our audit progresses. If our assessment of risk changes and we consider the risk to be significant, we will communicate this to management and those charged with governance and revise our planned audit approach accordingly.

19. The area of specific audit focus is the pension liability valuation due to the material value and significant assumptions used in the calculation of the liability. We will consider the reasonableness of actuarial estimates on material elements of the valuation and the accuracy of information provided to the actuary by Fife Council.

Group Consideration

20. As group auditors, we are required under International Standard on Auditing (UK) 600: *Audits of group financial statements (including the work of component auditors)* to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group financial statements.

21. Fife Council has a group which comprises component entities, including subsidiaries, associates and joint ventures. The audits of the financial information of some of the components are performed by other auditors. We plan to place reliance on the work of the component auditors. We will obtain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base our group audit opinion.

Audit of the trusts registered as Scottish charities

22. Members of Fife Council are sole trustees for 43 trusts registered as Scottish charities, with total assets of some £1.5 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.

23. The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the Council are sole trustees, irrespective of the size of the charity. 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.

Materiality levels for the 2021/22 audit of trusts registered as Scottish charities

24. Materiality levels for the various trusts are set out in [Exhibit 3](#).

Exhibit 3

2021/22 Materiality levels for Fife Council Charitable Trusts

Charitable trust	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 2021 based on the latest audited accounts for 2020.	£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.	£11,000
Reporting threshold (ie clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£300

Source: Audit Scotland

25. Based on our initial planning work there are no specific risks which are not included in for the audit of Fife Charitable Trusts which are not included in Exhibit 2 which we require to bring to your attention.

Audit risk assessment process

Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management and where relevant, report them to those charged with governance.

Audit dimensions and Best Value

Introduction

26. The [Code of Audit Practice](#) sets out the four dimensions that frame the wider scope of public sector audit. The Code of Audit Practice requires auditors to consider the adequacy of the arrangements in place for the audit dimensions in audited bodies.

Audit dimensions

27. The four dimensions that frame our audit work are shown in [Exhibit 4](#).

Exhibit 4

Audit dimensions



Source: Code of Audit Practice

28. In summary, the four dimensions cover the following:

- **Financial management** – financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.
- **Financial sustainability** – 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).

- **Governance and transparency** – governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership, and decision-making and transparent reporting of financial and performance information.
- **Value for money** – value for money refers to using resources effectively and continually improving services.

Best Value

29. 2021/22 is the final year of the extended six-year approach to auditing Best Value in councils. Best Value work is integrated within the annual audit. It is to be assessed comprehensively over the period of the audit appointment, both through ongoing annual audit work and through discrete packages of work focussing on 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 Accounts 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 over the period of the audit appointment.

30. BVARs will be considered by the Accounts Commission between February and September 2022 on the councils listed in [Exhibit 5](#).

Exhibit 5 2022 Best Value Assurance Reports



Comhairle nan Eilean Siar

Shetland Island Council

Angus Council

Moray follow-up

Source: Audit Scotland

31. Our Best Value work at Fife Council in 2021/22 will follow-up on the findings reported in the council's BVAR which was published in May 2018. We will assess progress on the pace and depth of continuous improvement with findings reported through our 2021/22 Annual Audit Report.

Audit dimension risks

32. We have identified the following audit risk in the areas set out in Exhibit 6. This exhibit sets out the risk, sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurances over the risk.

33. We will also follow up on the recommendations we made in our 2020/21 Annual Audit Report and report progress in delivering agreed actions in our 2021/22 Annual Audit Report.

Exhibit 6

2021/22 Audit dimension risks

Description of risk	Sources of assurance	Planned audit response
<p>Fairness and Equality</p> <p>In accordance with annual planning guidance issued by Audit Scotland, auditors may carry out specific audit work covering the seven BV characteristics set out in the Scottish Public Finance Manual.</p> <p>There is an expectation that equalities will be advanced through the audit process, and auditors have been advised to carry out work on the Fairness and Equality characteristic at least once during the audit appointment.</p> <p>Auditors should therefore aim to cover that area in 2021/22 if they have not done so in an earlier year.</p>	<ul style="list-style-type: none"> • The council has an Equalities Unit and has published Equality Outcomes for 2021-2025. • Strategic risks around inequality are being controlled by strategies and plans. • The Plan for Fife puts fairness at the heart of everything we do. • Equality Impact Assessments are required for each committee report. 	<p>We will review recent Fife Council activity on Fairness and Equality including a review of biennial reporting and action plans.</p>

Source: Audit Scotland

Reporting arrangements, timetable, and audit fee

Reporting arrangements

34. Audit reporting is the visible output for the annual audit. All Annual Audit Plans and the outputs, as detailed in [Exhibit 7](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

35. 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 officers to confirm factual accuracy.

36. We will provide an independent auditor's report to Fife Council, and the Accounts Commission setting out our opinions on the annual report and accounts. We will provide Fife Council and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

37. [Exhibit 7](#) outlines the target dates for our audit outputs, and we aim to issue the independent auditor's report by the statutory deadline of 31 October 2022. We acknowledge this will be challenging due to the ongoing pressures and uncertainties caused by Covid-19. The Audit and Risk Committee meeting date in October 2022 has yet to be confirmed.

Exhibit 7 2021/22 Audit outputs

Audit Output	Target date	Audit and Risk Committee Date
Annual Audit Plan	31/03/2022	19/04/2022
Independent Auditor's Report	31/10/2022	TBC
Annual Audit Report	31/10/2022	TBC

Source: Audit Scotland



Timetable

38. To support an efficient audit, it is critical that the timetable for producing the annual report and accounts for audit is achieved. We have included a proposed timetable for the audit at [Exhibit 8](#) that has been discussed with management.

39. Covid-19 has had a considerable impact on the conduct and timeliness of the audit. We recognise that it is in the best interests of public accountability to get the reporting of audited accounts back to pre-pandemic timelines. To this end, 2021/22 is a transition year with the reporting deadline brought forward by one month relative to the two prior years. We are identifying ways to work more efficiently to expedite the 2021/22 audits whilst at the same time maintaining high standards of quality.

40. We will continue to work in close partnership with management with clarity over timescales and the requirement for high quality unaudited accounts and supporting working papers. Progress will be discussed with management and finance officers over the course of the audit.

Exhibit 8 Proposed annual report and accounts timetable

 Key stage	 Provisional Date
Latest submission date for the receipt of the unaudited annual report and accounts with complete working papers package.	30 June 2022
Latest date for final clearance meeting with the Head of Finance	16 September 2022
Agreement of audited and unsigned annual report and accounts	30 September 2022
Issue of Letter of Representation and proposed Independent Auditor's Report	TBC October – Committee dates to be finalised
Issue of Annual Audit Report to those charged with governance.	TBC October – Committee dates to be finalised
Signed Independent Auditor's Report	TBC October – Committee dates to be finalised

Source: Audit Scotland

Audit fee

41. The proposed audit fee for the 2021/22 audit of Fife Council is £547,620 (2020/21: £534,970). In determining the audit fee, we have taken account of risk exposure of the Fife Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit.

42. We have also proposed an audit fee of £7,000 (2020/21: £6,850) for the charitable trusts.

43. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual report and accounts, the absence of adequate supporting working papers 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 and this year we have agreed a further fee of £2,500 to certify the Landfill Aftercare Provision which is required every three years by SEPA.

Other matters

Internal audit

44. International standards on Auditing (UK) 610: *Considering the work of internal audit* requires us to:

- consider the activities of internal audit and their effect on external audit procedures
- obtain an understanding of internal audit activities to inform our planning and develop an effective audit approach that avoids duplication of effort
- perform a preliminary assessment of the internal audit function when there is scope for relying on internal audit work which is relevant to our financial statements' responsibilities
- evaluate and test the work of internal audit, where use is made of that work for our financial statements responsibilities to confirm its adequacy for our purposes.

45. From our initial review of the internal audit plans, we plan to place formal reliance on internal audit's work on Payroll for our financial statements' responsibilities.

Independence and objectivity

46. Auditors appointed by the Auditor General for Scotland or Accounts Commission 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.

47. The engagement lead (i.e. appointed auditor) for Fife Council is Brian Howarth, Audit Director. 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

48. International Standard on Quality Control (UK) 1 (ISQC1) requires a system of quality control to be 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.

49. 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.

50. 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

Draft Annual Audit Plan 2021/22

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility

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19th Aprilm 2022
Agenda Item No. 5

Post Audit Review (PAR) Report

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

Wards Affected: All

Purpose

To submit to Members of the Standards and Audit Committee an update on progress towards implementing internal audit recommendations previously reported to and agreed by Management.

Recommendation(s)

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

Resource Implications

None.

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

Consultation

Audit Services has consulted with all subjects of the reports.

1.0 Background

- 1.1 Standard 2500 of the Public Sector Internal Audit Standards (PSIAS) entitled Monitoring Progress states “the chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management”. In practice this requirement is discharged by the Service Manager, Audit and Risk Management Services, ensuring that there are effective processes in place to capture assurances that audit recommendations have been implemented in full or, if this is not the case, that senior management are aware of the consequences and have accepted the risk.
- 1.2 The Internal Audit Plan submitted to the Standards and Audit Committee annually contains an allocation of days to carry out formal follow-up reviews to be undertaken by internal audit staff. This allocation is used to assess the extent to which recommendations previously agreed with management have been implemented. The outcomes of such reviews are formally reported to management. In addition, the summaries from those reviews are submitted to the Standards and Audit Committee as part of the standing item on Issued Audit Reports.
- 1.3 It is not feasible within existing resources for Audit Services to carry out formal follow-up reviews of all areas previously audited. Therefore, to ensure compliance with the PSIAS, assurances are also formally sought from management via this PAR exercise. These PARs require management to provide an update of the action taken in respect of recommendations previously made. Pentana, the Council’s performance and risk management system, is used for this purpose. On the basis of these updates, and taking cognisance of the potential risk if the actions previously agreed have not been implemented, a formal follow-up review may be subsequently undertaken by Internal Audit and reported to Committee in line with paragraph 1.2 above.
- 1.4 Updates on recommendations with implementation deadlines up to an agreed cut-off date of 31 January 2022 have been included in this exercise. The last PAR report, which was submitted to the Standards and Audit Committee on 3 June 2021 had a cut-off date of 31 March 2021.

2.0 Assessment

- 2.1 Attached at Appendix A is a schedule summarising the work undertaken. The schedule also provides information surrounding report issue date, original recommendation due date, importance levels for each recommendation and commentary as to the current status of the implementation of the recommendations, where these have not been fully implemented.
- 2.2 Of the 95 recommendations contained in Appendix A, 55 (58%) have been fully implemented, 16 (17%) have been partly implemented and 24 (25%) have not been implemented. For the recommendations that are partly implemented / not implemented, assurances have been provided by management to Audit Services that the outstanding areas will be addressed, and revised timelines for completion have been specified. None of the partly implemented / not implemented recommendations have been assessed as critical.
- 2.3 Audit Services will continue to monitor progress towards implementation of these recommendations, reporting back to Standards and Audit Committee as appropriate.

3.0 Conclusions

- 3.1 The PAR process has introduced a structured approach to obtaining management assurances surrounding the action taken by services in respect of recommendations previously made.
- 3.2 Delays in the implementation of some recommendations have occurred due to the impact of Covid-19, resource issues and implementation of new IT systems. Revised implementation dates have been agreed with Services and outstanding actions will continue to be monitored until they have been appropriately implemented.
- 3.3 Although there are a number of agreed actions that have remained outstanding for prolonged periods, 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 A – Summary of Progress on the Implementation of Internal Audit Recommendations (Original / Revised Implementation Date up to and Including 31 January 2022).

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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SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 JANUARY 2022)							
Client – Subject Report Issue Date	Report No.	Rec. No.	Priority 1=Critical 2=Substantial 3=Moderate	Original Due Date	Revised Due Date	Progress	Management Update (if less than 100% complete)
Finance & Corporate – Contact Centre 01/02/16	434	3	2	30/06/16	31/05/22	85%	The recommendation relates to achieving PCI DSS compliance for customer bank card details not captured on Contact Centre call recording and screen capture files. The implementation of the new income management solutions has resulted in a significant improvement in PCI DSS compliance when taking payments. There remains a small number of calls which are not yet compliant, but plans are in place to implement a new telephony solution to ensure compliance.
Communities – Repairs & Maintenance – Council Houses Follow Up 30/09/16	460	21	2	31/12/17	31/03/22	0%	This recommendation relates to the possibility of automating alerts for asbestos inspections. The Council has an up-to-date asbestos register, which is supported and maintained by BTS and that will eventually be migrated into Cx. A date for the migration will be confirmed once future phases are planned in full.
Finance & Corporate – Insurance 21/02/17	475	1	2	30/09/17	31/10/22	75%	This recommendation relates to bringing procedures up to date and reviewing them regularly. While completion of revision to the established procedures has been delayed by resource issues and latterly Covid-19, the

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							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.
Finance & Corporate – SEEMiS 18/04/18	516	2	3	31/01/19	30/04/23	0%	The SEEMiS (Scottish Education – Education Management Information System) project has been delayed due to delays at SEEMiS in developing the system and Covid-19 related issues. Implementation plans indicate that the roll out of the live system will be phased over a few months, with an estimated completion by April 2023. A draft Privacy Impact Assessment (PIA) is still being updated by the SEEMiS Project Team. This will be passed to the Council once there is a final draft. BTS will review and add what we need to meet Fife Council's requirements.
		4	2	31/01/19	30/04/23	0%	Roles and responsibilities will be agreed as part of the development stage and for testing. Once finalised we will confirm what is in the plan and operational guides.
		5	3	31/01/19	30/04/23	0%	Documented procedures will be accessible as part of our implementation plan and also on the SEEMiS website.

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		15	3	31/01/19	30/04/23	0%	SEEMiS have confirmed the new system will alert the user when a duplicate name or date of birth is used.
Finance & Corporate – Human Resources – Corporate 13/06/18	518	3	2	31/03/20	30/06/22	30%	The recommendation relates to developing more metrics on Corporate HR performance, including efficiency and effectiveness of recruitment and retention of staff. The production of corporate recruitment reports has been slower than anticipated despite being prioritised, due to limited reporting availability from Oracle. Drafting and testing is, however, underway.
Finance & Corporate – Payroll Lottery 05/10/18	535	10	3	31/03/19	30/06/22	30%	This recommendation relates to all documentation relating to the Payroll Lottery not being held centrally. Following extensive delays in implementation, work is now progressing on metadata and tagging information and a dedicated SharePoint site is now expected to be up and running with the relevant content by June 2022.
Finance & Corporate – Purchase Placements 06/11/18	539	10	2	30/06/19	30/04/22	0%	This recommendation relates to the awarding of a contract for secure transport. 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

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							<p>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>The Service advised that, due to resource constraints, they have not been able to progress this.</p>
Communities – Fees and Charges 04/03/19	547	5	2	31/10/19	31/12/22	0%	<p>These recommendations relate to improvements in processes for fees and charges in community use establishments.</p> <p>The Communities Programme for a new Leisure Management System (CP03), which has new payment and banking procedures, includes developing procedures to ensure fees and charges are consistently applied. Completion is now anticipated by December 2022.</p>
		6	2	31/10/19	31/12/22	0%	<p>Programme CP03 includes developing procedures to ensure customers are charged the correct amount for all chargeable</p>

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							services provided and invoices are raised accordingly.
		7	3	31/10/19	31/12/22	0%	Programme CP03 includes developing procedures for Proforma paperwork to be raised and fully completed timeously for all refunds.
		14	3	31/10/19	31/12/22	0%	Programme CP03 includes developing procedures for the Windmill income budget to be broken down into its various components.
Finance & Corporate – General Ledger 22/03/19	549	2	2	30/04/20	31/12/21	100%	
Environment and Enterprise – Payroll and Expenses 30/07/19	7	1	2	30/04/20	31/12/21	100%	
		13	3	30/04/20	31/12/21	100%	
Education and Children’s Services – Risk Management and Business Continuity	14	2	2	31/07/20	31/08/22	50%	This recommendation relates to producing an action plan to drive improvements in risk management maturity within the Directorate. An action plan has been drafted and work has started to gather information but has

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03/10/19							been delayed due to resource issues. A new Team Manager is now in post and will progress this.
Communities – Housing Allocations 15/10/19	CF5	3	2	31/03/20	30/04/22	30%	This recommendation relates to procedures being updated for the controls in place to protect staff if a close family member or friend presents themselves in need of temporary accommodation. This has been partially completed as all Housing Access and Homeless staff have resigned friends and family protocol and reviewed the conflict of interest briefing but the documented procedures still need to be updated.
		4	2	31/03/20	30/04/22	30%	This relates to procedures being updated to include controls in place to protect staff if a close family member or friend is to be assessed for homelessness. This has been partially completed as all Housing Access and Homeless staff have resigned friends and family protocol and reviewed the conflict of interest briefing but the documented procedures still need to be updated.
		5	2	31/12/20	30/04/22	0%	This recommendation relates to updating the Housing Services risk register. The Service is currently undertaking a

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							comprehensive review and redevelopment of risk management arrangements linked to audit report 71 and the risk register will be updated as part of this exercise. It is due to be completed by the end of the financial year.
		6	2	31/12/20	30/04/22	0%	This recommendation relates to Housing Staff being made aware of the guidance: Fraud – A Guide for Your Role. There has been a delay in implementation as the Housing Access Team is currently responding to the ongoing situations in Ukraine and Afghanistan.
Environment and Enterprise – Compliance with Information Security Policies 20/11/19	18	11	3	31/12/19	31/03/22	75%	This recommendation relates to the installation of the new CCTV system within the computer centre. Originally delayed due to Covid-19, work to wire the building for the cameras has now been concluded but the security cameras are currently on backorder, which has impacted on recent progress.
Environment and Enterprise – Asset Management 2019-20	19	1	2	01/06/20	30/06/21	100%	
		2	2	01/06/20	30/06/21	100%	

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20/11/19		3	2	01/07/20	30/06/21	100%	
		4	2	31/03/21	24/11/21	100%	
		5	3	01/10/20	30/06/21	100%	
		6	2	31/03/21	30/06/21	100%	
		7	2	31/03/21	24/11/21	100%	
		8	2	31/03/21	30/06/21	100%	
		9	2	01/06/20	30/06/21	100%	
Communities – Business Change – SharePoint 13/12/19	25	1	2	30/04/20	31/03/22	0%	This recommendation relates to finalising the Business Change Framework, but this has been overtaken by other events. The priority has been for Service reform and redesign during Covid-19. As part of FISH decommissioning, revised guidance is now on the FC Intranet and additional material will be added.

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Finance & Corporate – Business Change SharePoint 17/12/19	26	2	3	31/05/20	31/12/21	100%	
Finance & Corporate – Network Security 14/01/20	28	2	2	31/01/20	30/06/22	30%	This recommendation relates to linking Active Directory (AD) permissions to job roles and maintaining an audit trail of changes. This has been partly implemented. Originally delayed as linked to the Oracle Cloud project. Work has been ongoing to link job roles to device type and system access. Further work is required to translate the roles into AD groups with significant resource required from Services.
		5	2	30/06/20	31/08/22	30%	This relates to a sample of AD accounts being checked quarterly to ensure that users still have the correct network access. Since this report was issued the Service is in the process of developing a notification in Oracle that will be raised by line managers when someone moves within the Council. This notification will be sent to the employee’s new line manager and will state that their access rights must be reviewed as

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							part of the move to their new post. Any employee leaving the Council will now have their AD account removed automatically when ended as a leaver in Oracle. This has been extended to allow the Oracle Team time to develop the notification and sample checks are no longer required.
Education and Children’s Services – Management of Information 05/03/20	31	2	2	31/03/20	31/03/22	0%	This recommendation relates to updating the Information Asset Register (IAR) and will form part of the Corporate Information Asset Register review, which has been delayed due to Covid-19 and resource issues.
Communities – Council Tax Discounts and Exemptions 19/03/20	35	1	2	30/06/20	30/11/22	0%	This recommendation relates to whether an external provider should be used to carry out a full discount and exemption review or whether this should be performed in-house. 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 and resources issues.
Finance & Corporate – Payroll and Expenses 30/07/20	7	8	3	30/06/20	30/09/21	100%	

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Finance & Corporate – Information Governance 16/11/20	46	3	2	31/12/20	31/12/22	0%	This recommendation relates to reviewing the IAR annually and has been extended due to the delay of the Information Records Management delivery until quarter 1 of financial year 2022/23.
		4	2	31/12/20	31/03/23	0%	This recommendation relates to retention schedules for all teams within Finance and Corporate Services being maintained along with evidence of when they are reviewed and approved. This has been extended due to the delay of the Information Records Management delivery until quarter 1 of financial year 2022/23.
		5	2	31/12/20	31/03/22	100%	
		6	3	31/12/20	31/03/23	0%	This recommendation relates to items of enduring value being recorded on the retention schedule and has been extended due to the delay of the Information Records Management delivery until quarter 1 of financial year 2022/23.
Finance & Corporate – Claim for European Parliamentary Election Fees and	47	1	3	30/06/20	31/08/22	0%	This recommendation relates to compiling documented procedures to cover the claim process for recovering monies from Scottish Government for elections. The documented procedures still have to be

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Charges 01/12/20							written and an extension has been given due to the upcoming election.
Finance & Corporate – Health & Safety 27/01/21	52	1	3	30/06/21	30/09/21	100%	
Finance & Corporate – Management of Information 27/01/21	53	7	3	31/03/21	31/03/22	0%	This recommendation relates to the Card Payment Security Policy not being issued. The policy needs further review in light of the new call centre solution. It was scheduled to go to the Information Governance Working Group in June 2021 but, due to other priorities and resource issues, will not be taken to this Group until March 2022.
Communities – Gas Safety Checks 08/02/21	CF13	1	2	31/03/21	31/12/21	100%	
		2	2	26/02/21	31/12/21	100%	
Finance & Corporate – Debtors 10/02/21	55	1	3	30/09/21	31/12/21	100%	

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Communities – Self Isolation Support Grant 01/04/21	CF14	1	2	30/04/21	N/A	100%	
		2	2	31/03/21	N/A	100%	
		3	2	31/08/21	N/A	100%	
Enterprise and Environment – Matrix Fife 27/04/21	57	1	3	30/04/21	31/05/21	100%	
		2	2	30/04/21	31/05/21	100%	
		3	3	Implemented	31/05/21	100%	
		4	2	Implemented	31/05/21	100%	
		5	2	Implemented	31/05/21	100%	
		6	2	Implemented	31/05/21	100%	
		7	3	30/05/21	31/05/21	100%	

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		8	2	Implemented	31/05/21	100%	
Finance & Corporate – IT Performance Management 05/05/21	58	4	2	31/08/21	31/03/22	100%	
		8	3	31/08/21	31/03/22	0%	This relates to action plans being developed, regularly reviewed and feedback used for service delivery and reporting improvements. Due to other priorities this has not progressed. However, measures will be reviewed at the BTS Strategic and Governance Meeting on 20 April with relevant actions being recorded.
Education and Children’s Services – Capital Budget Setting and Monitoring 14/05/21	59	1	3	30/11/21	N/A	100%	
Finance & Corporate – Concessionary Taxi Booking Follow-Up 18/05/21	60	5	2	30/06/21	30/06/22	50%	This recommendation relates to Business Support recording the mileage and rate on their spreadsheet for taxi bookings and to calculate the total cost of the booking to allow it to be matched to the advice note received from the taxi firm. This has been partially completed as the spreadsheet now records the rate but

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							mileage information still needs to be added to the Booking Forms that are sent to Business Support by Health and Social Care.
Health & Social Care - Concessionary Taxi Booking Follow-Up 18/05/21	60	2	2	30/06/21	28/02/22	30%	This recommendation relates to where the cheapest provider has not been used, the reason should be recorded on the taxi booking form. As part of a review by the BMIU, the use of an e-form is being considered and BTS are currently reviewing our requirements.
		3	2	30/06/21	28/02/22	30%	This recommendation relates to a documented process being introduced that requires bookings to be reviewed periodically and if possible, transferred to a cheaper provider. A business case has been drafted proposing centralisation of the taxi booking process and this recommendation will be picked up as part of the review. This review is still ongoing.
		10	3	30/06/21	28/02/22	0%	This recommendation relates to the time and date of any cancelled bookings being recorded on the booking form and recorded on the taxi spreadsheet by business support to ensure cancelled bookings have not been charged for. The booking forms need to be updated to

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							record this information.
		11	2	30/06/21	28/02/22	50%	This relates to an appropriate level of operational contract monitoring being undertaken by Health and Social Care to ensure taxi providers are adhering to the conditions of the framework. Work is ongoing with Procurement to devise a process.
Enterprise and Environment & Education Childrens Services – Community Trade Hub SDS Bid 25/05/21	CF15	1	2	31/08/21	N/A	100%	
		2	2	Implemented	N/A	100%	
		3	2	Implemented	N/A	100%	
		4	2	Implemented	N/A	100%	
Finance & Corporate – Change Management COBIT 5 BAI06 Follow-Up 28/05/21	61	1	2	01/06/21	N/A	100%	

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Health and Social Care – Management of Information (Adult Services) 17/08/21	66	1	3	31/12/21	N/A	100%	
		2	3	31/12/21	N/A	100%	
Communities – BSOG 24/08/21	67	1	2	06/08/21	N/A	100%	
		2	2	06/08/21	N/A	100%	
		3	2	06/08/21	N/A	100%	
		4	2	Implemented	N/A	100%	
		5	2	06/08/21	N/A	100%	
Education and Childrens Services – Payment to Third Party Organisations 09/09/21	CF16	1	2	30/09/21	N/A	100%	
		2	2	30/09/21	N/A	100%	
		3	2	31/03/22	N/A	100%	

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		4	2	31/10/21	N/A	100%	
		5	2	30/09/21	N/A	100%	
Finance & Corporate – Cybersecurity 12/10/21	69	2	3	31/01/22	N/A	100%	
Finance and Corporate – Resource Transfers 21/10/21	70	1	3	31/12/21	N/A	100%	
Communities – Risk Management & Business Continuity 21/10/21	71	2	2	30/11/21	30/06/22	50%	This recommendation relates to relevant staff not having completed both risk and emergency resilience training. Staff risk training needs have now been identified but the Service is awaiting availability of courses. This has delayed implementing the other recommendations.
		3	2	30/11/21	30/06/22	30%	This relates to the service risk registers being incomplete across Housing Services (Housing is split into six different areas that all require an individual risk register). Work on this is progressing with two risk registers almost complete and the other four

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							under development.
		6	2	30/11/21	30/11/22	0%	Not all Housing Partnership Agreements address risk management. Reviews are in progress as Agreements come up for renewal.
		9	2	30/11/21	30/11/22	0%	This relates to Business Continuity Plans in the Service being incomplete. These are now in development but have been delayed through the absence of training and dealing with incidents – including Covid-19 and housing refugees.
Finance and Corporate – HR Recruitment 17/11/21	73	1	3	Implemented	N/A	100%	
Communities – Complaints Procedures 24/11/21	74	1	3	31/12/21	N/A	100%	
Finance and Corporate – Management of Projects (BTS) 18/01/22	78	1	3	Implemented	N/A	100%	

SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 JANUARY 2022)							
Client – Subject Report Issue Date	Report No.	Rec. No.	Priority 1=Critical 2=Substantial 3=Moderate	Original Due Date	Revised Due Date	Progress	Management Update (if less than 100% complete)
Communities – Emergency Resilience 11/03/22	81	3	2	Implemented	N/A	100%	

19th April, 2022

Agenda Item No. 6

2021/22 Issued Audit Reports

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

Wards Affected: All

Purpose

To submit to Members of the Standards and Audit Committee a summary of findings from the Internal Audit Reports finalised since the last report to this Committee. The report highlights any areas of concern and instances where Services are not taking appropriate action.

Recommendation(s)

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

Resource Implications

None.

Legal & Risk Implications

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

Impact Assessment

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

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

- 1.1 Audit Services provides an assurance function that gives the Council an independent and objective opinion on the control environment by evaluating its effectiveness in achieving its objectives. 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 provides a summary of audit reports issued since the last report to this Committee. It describes key findings and highlights areas of concern.

2.0 Analysis of Issued Audit Reports

- 2.1 To enable the Standards 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.
- 2.2 The reports issued in the current period cover a number of Services and areas. The summaries relate to Fife Council Audits and, where applicable, Corporate Fraud reports.
- 2.3 A short outline of each report is contained in Appendix 1.
- 2.4 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.
- 2.5 The results of the PAR 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

Report Contact:

Kenny McCabe

Auditor, Audit and Risk Management

Email – Kenny.McCabe@fife.gov.uk

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>1. Communities - Customer and Online Services Complaints Procedure (Report 74)</p>	<p>This audit reviews how well Customer and Online Services controls and monitors the complaints process 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 3 • Overall Risk Low <p><u>Findings:</u></p> <p>Generally, controls were sound. However,</p> <ul style="list-style-type: none"> • a formal record is not kept of correspondence regarding survey results. <p>Satisfactory action was agreed, and has been implemented, for the one moderate recommendation in the report.</p>
<p>2. Communities - Communities and Neighbourhoods Common Good Fund Grants (Report 75)</p>	<p>This audit reviews how well Communities and Neighbourhoods controls the processes for grant applications from Common Good Funds 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 3 • System Materiality Grade 4 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • Some processes differ between areas and the written procedures are not adequate or consistent, and lack version control, leading to ambiguity on the criteria that needs to be applied. • The guidance provided is not always clear, including when more than 50% of the cost may be awarded, and does not require legal advice to be taken where there are doubts over the validity of an application, or that suspicions of fraud should be referred to the Fraud Team for checking. • Bank account details are not cross-checked from grant application forms to Oracle Cloud before payment is issued.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • There is a lack of follow up to ensure that the funds granted were used for the purposes of the grant and achieved the stated benefits. • Reporting to Area Committee is not always timely and Annual Reports are not fully consistent and not always presented. <p>Satisfactory action has been agreed for the 13 recommendations (6 substantial and 7 moderate) for completion by 31 March 2022.</p>
<p>3. Enterprise and Environment - Assets, Transportation and Environment</p> <p>Management of Contracts – Street Lighting Installations (Report 76)</p>	<p>This audit reviews how well Assets, Transportation and Environment manages the Street Lighting Installations contract, and monitors compliance with regulations and the terms of the contract.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 4 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following area for improvement was identified:</p> <ul style="list-style-type: none"> • Operational procedures are not adequate, do not cover all processes, roles and responsibilities, and have no version control built in. <p>Satisfactory action has been agreed for the one moderate recommendation for completion by 31 March 2022.</p>
<p>4. Communities - Communications and Engagement, Customer and Online Services and HR Services</p> <p>Social Media Investigation & Research (Report 77)</p>	<p>This audit reviews Service and employee compliance with Council policy, guidance and legislation in relation to the use of social media as part of Council business and / or for investigation purposes.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 3 • Overall Risk Low <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • A number of unofficial Fife Council social media accounts are in operation. • Documentary evidence for the approval of social media accounts is not always retained. • There is no documented process for the setting up of YouTube accounts. • Social media accounts are not always updated when a Moderator leaves the Council or moves roles. <p>Satisfactory action has been agreed for the 4 recommendations (3 substantial and 1 moderate) for completion by 31 October 2022.</p>
<p>5. Finance and Corporate Services - Business Technology Solutions Management of Projects (Report 78)</p>	<p>This audit reviews how well Business Technology Solutions manage projects within Health and Social Care in accordance with the COBIT 5 Framework. It covers how projects are prioritised and initiated, the different “stage gates” that the project must go through and the level of maturity against the COBIT 5 framework. Three projects were reviewed as part of the audit: SWIFT Replacement, Addiction Liaison (REACH) and Fife Macmillan Improving the Cancer Journey.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 1 • System Materiality Grade 4 • Overall Risk Low <p><u>Findings:</u></p> <p>The following area for improvement was identified:</p> <ul style="list-style-type: none"> • A Quality Plan was not produced for the SWIFT Replacement project. <p>Satisfactory action has been agreed, and has been implemented, for the one moderate recommendation in the report.</p>
<p>6. Finance and Corporate Services - Legal and Democratic Services Electoral Registration (Report 79)</p>	<p>This audit reviews how well the Electoral Services Team performs and ensures compliance with current regulations and guidance in relation to Electoral Registration.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 3 • Overall Risk Low

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> Recording of evidence within the Elector8 system is inconsistent. The Public Engagement Strategy, to maximise the number of voters included in the Electoral Register, has not been reviewed since 2017. Internal Audit was advised that the Service does not currently have adequate resource to deliver all activities within it. <p>Satisfactory action has been agreed for the 2 recommendations (1 substantial and 1 moderate) for completion by 31 August 2022.</p>
<p>7. Health and Social Care - Community Care Services Clients' Funds (Report 80)</p>	<p>This audit reviews how well Older People's Services controls and monitors its clients' funds within Ladywalk House Residential Home 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 2 Overall Risk Low <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> Procedures are not updated as scheduled or version controlled. Half of the ten cash checks tested only had one signature on them. <p>Satisfactory action has been agreed for the two moderate recommendations by 30 April 2022.</p>
<p>8. Communities - Communities and Neighbourhoods Emergency Resilience (Report 81)</p>	<p>This audit reviews the effectiveness of the Council's Emergency Resilience processes and whether they comply with Civil Contingencies legislation, government 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 Medium <p><u>Findings:</u></p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • Delegated responsibility for approval of the Resilience Policy and Framework is not set out in the Council’s governance documentation. • The resilience training and exercise tracker is not up to date. • A template log of lessons identified is not in use. • The activity and performance of the Emergency Resilience Team is not reported annually to committee. <p>Satisfactory action has been agreed for the four substantial recommendations by 30 April 2022.</p>
<p>9. Enterprise and Environment - Environment & Building Services Replacement Bathroom & Shower Installations Framework Review (Report CF 18)</p>	<p>This fraud review examines potential fraud risks within the Replacement Bathroom & Shower Installations to Domestic Properties framework agreement.</p> <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • The Recall Report does not record a reason for each recall along with any follow-up action required to resolve them. • Post Inspection Sheets are not always provided to the Quantity Surveying Team by the Building Services site supervisor for additional works. • Valuation claims are not cross-referenced to formal documented instructions for additional works. <p>Satisfactory action has been agreed for the three recommendations (2 substantial and 1 moderate) by 1 April 2022.</p>

19th April, 2022

Agenda Item No. 7

Risk Management Policy, Strategy and Strategic Risk Register

Report by: Eileen Rowand, Executive Director - Finance & Corporate Services

Wards Affected: All

Purpose

The purpose of this report is to:

- Update Standards and Audit Committee on the work undertaken to review and revise the Council's Risk Management Policy and Strategy, including roles and responsibilities.
- Provide Standards and Audit Committee with an update on the current level of risk within the Council's Strategic Risk Register.
- Inform Standards and Audit Committee about the re-established Corporate Risk Management Strategy Group (RMSG).

Recommendation(s)

Standards and Audit Committee is asked to:

1. Approve the Council's revised Risk Management Policy and Strategy, including roles and responsibilities (Appendix A).
2. Approve the Council's Strategic Risk Register following its most recent review (Appendix B).
3. Note that the Corporate RMSG has been re-established and reinvigorated after a period of abeyance.
4. Note that it will receive further updates on risk management throughout 2022/23.

Resource Implications

None.

Legal & Risk Implications

If the Council does not have robust risk management arrangements in place, including a Risk Management Policy, Strategy and risk registers, its ability to effectively monitor, manage and mitigate risks and make sound, informed decisions may be impacted. This could lead to, amongst other things, non-compliance with legislation and regulation, legal and financial penalties, the inability to identify and exploit opportunities and, ultimately, the inability to achieve its objectives and deliver better outcomes for Fife.

Impact Assessment

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

Consultation

The Council Executive Team (CET) and Corporate RMSG have been consulted and are in agreement with the content of this report.

1.0 Background

- 1.1 A formal update relating to the review of the Council's Risk Management Strategy and Strategic Risk Register was reported to CET and Standards and Audit Committee on 26 May 21 and 29 June 21 respectively. Key points communicated via the update reports include the following:
- An initial survey on strategic risks had been issued across all Directorate Leadership Teams, and a virtual workshop had been held with the Corporate Leadership Team to agree, score and prioritise strategic risks and confirm corresponding 'risk owners'.
 - A Risk Management Health Check Report had been compiled by Zurich following examination of the Council's risk management framework and interviews with officers from each line of defence as well as the Convenor of the Standards and Audit Committee.
 - The Zurich Health Check Report highlighted a number of key strengths, including the provision of support and guidance from both Audit and Risk Management Services, and the Performance and Improvement Team; a well-established and understood risk management process; mature and well embedded risk management arrangements within programmes and projects; and a positive culture of risk ownership in some services and directorates.
 - In addition, a number of priority areas for improvement were highlighted in the Zurich Health Check Report along with recommendations to address them and ultimately assist the Council enhance its risk management arrangements and maturity level. Recommendations included facilitating the production of an updated Strategic Risk Register and improvements surrounding the ownership of strategic risk identification, including roles and responsibilities and ongoing maintenance of the Strategic Risk Register; Elected Member engagement; and the level of communication relating to the purpose of a, soon to be, refreshed risk management framework.
- 1.2 Since the Risk Management Strategy Review and Strategic Risk Register Review Update reports were presented to CET and the Standards and Audit Committee, work has been ongoing throughout the organisation, shaped by the recommendations contained in the Zurich Health Check Report, to drive forward the Council's risk management agenda and develop its formal risk management arrangements.

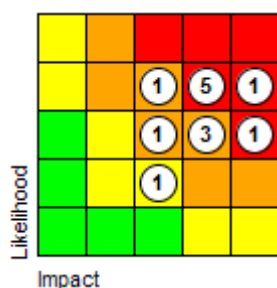
2.0 Risk Management Policy and Strategy

- 2.0 The Council's Risk Management Policy and Strategy have historically been part of the Risk Management Manual, which was last reviewed in 2016 and approved in April 2017. However, as part of this review, the Risk Management Policy and Strategy, including roles and responsibilities and risk matrices have been separated from the Risk Management Manual. The main reason behind that decision is that the manual should predominantly be an operational document developed to support officers ensure compliance with Policy and Strategy. Subsequent to the approval of the revised Risk Management Policy and Strategy document, attached at Appendix A, the manual will be updated as appropriate and communicated to staff.
- 2.1 Going forward, the Council's Risk Management Policy and Strategy will be subject to at least one comprehensive formal review during each administrative term, at intervals not exceeding five years.
- 2.2 The Risk Management Team Leader, in conjunction with the Corporate RMSG, is responsible for ensuring the Council's Risk Management Policy and Strategy are reviewed in accordance with the above, and more frequently if necessary to reflect changes in Council policy, legislation, regulation and best practice. Following review, the Risk Management Policy and Strategy will be presented to the Council's Standards and Audit Committee for approval should any significant amendments be made.

3.0 Strategic Risk Register

- 3.1 Building on the corporate strategic risks survey and virtual workshop, facilitated by Zurich, the Council has been actively refining its strategic risks and corresponding descriptions, factors and impacts; considering, defining and assessing the effectiveness of each internal control in place to mitigate the likelihood of the risk coming to fruition and the impact if it does; and (giving due consideration to the control frameworks in place) assessing the level of residual risk to which the Council is exposed.
- 3.2 The revised Strategic Risk Register, attached at appendix B to this report, contains 13 risks relating to ICT, inequalities, health, education, assets and infrastructure, the Fife economy, climate, legislation and regulation, Elected Members' conduct, the safety and protection of the Fife community, protection of children and adults, finance and the workforce.
- 3.3 Each risk has been scored using the Council's 5 x 5 risk matrix (see Appendix A). There are three important scores relating to each risk, the inherent risk score (assessed as if no internal controls were in place to mitigate it), the current residual risk score (assessed now, giving due consideration to the existing internal control framework and how effective it is at mitigating the likelihood of the risk coming to fruition and / or its impact if it does) and the target residual risk score (assessed with the view that all internal controls that could be put in place, are in place and fully effective). Actions have been identified and agreed, and will continue to be on an ongoing basis, via a number of mechanisms (including management, internal / external audit and external scrutiny bodies). These actions, once complete, will help to strengthen the internal control framework and reduce the gap between the current and target residual risk scores.

3.4 The Strategic Risk Register at Appendix B includes a description of each risk, the risk factors, impact, risk scores and levels, internal controls and their effectiveness. There are currently 7 high residual risks, 5 medium residual risks and 1 low residual risk in the Strategic Risk Register. These have been plotted on the risk matrix below:



3.5 The following table provides more summary information surrounding the current risks in the Strategic Risk Register at each risk level.

Risk Level (Score)	Risk Codes
Insignificant (1 – 3)	-
Low (4 – 6)	FC007 - Legal
Medium (8 -12)	BTS004 - IT, CN003 - Community Health, EE001 - Assets, FC019 - Political and FCS001 - Financial
High (15 – 25)	CN002 - Inequality, ECS002 - Education, EE002 - Economy, EE003 - Climate, FC020 - Community Safety, FC026 - Vulnerable People and HR005 - H&S

3.6 In general, individual strategic risks are managed by relevant Executive Directors, with the Strategic Risk Register as a whole being overseen by the CET. This approach enables clear visibility and understanding of the risks to which the Council is exposed and helps to ensure that effective control measures are identified and put in place to reduce the likelihood of the risk coming to fruition, but also reduce the impact if it does.

3.7 Each strategic risk has also been ‘assigned to’ a Head of Service or other relevant senior manager in the Council, also referred to as the ‘risk owner’. The risk owner is responsible for ensuring the risk, and the internal control framework in place to mitigate it, is regularly monitored, reviewed, assessed and, where appropriate, updated and enhanced.

3.8 Following the strategic risks survey and virtual workshop, the Risk Consultant met with Executive Directors and risk owners to discuss and refine the risks that were identified during the workshop. A Strategic Risk Register was initially compiled utilising a Microsoft Excel spreadsheet. Since then, it has been recorded, along with the internal controls, in the risk module within Pentana. This move helps support ongoing and effective monitoring, review, assessment, updating and reporting. The effectiveness of each control has been assessed by management (giving due consideration as to whether its existence influences the risk likelihood and / or impact) and recorded alongside the control in Pentana.

3.9 It has recently been identified that some system modification is required within Pentana to ensure that it accurately reflects the Council’s agreed risk matrix and terminology, minimising the level of manual intervention required when reports are

extracted from the system. Steps will be taken, in conjunction with the software supplier, to address these areas for improvement and agree a standardised report format in line with Appendix B. Going forward, it is proposed that the new standardised report will be generated in and extracted from Pentana on a six-monthly basis for presentation to the CET and Standards and Audit Committee.

4.0 Corporate Risk Management Strategy Group

- 4.1 The Council's Corporate RMSG was re-established and reinvigorated during 2021/22 after a period of abeyance, which was initiated to provide sufficient time for the Council to consider, reflect on and refocus its risk management journey.
- 4.2 Chaired by the Executive Director of Finance and Corporate Services as Senior Responsible Officer for risk in the organisation, the Corporate RMSG has met on 3 separate occasions, including its inaugural meeting on 13 September 2021. Meetings have been scheduled in advance for the rest of 2022 calendar year.
- 4.3 The wider membership of the Corporate RMSG, includes representation from all Directorates at Head of Service level as well as other key members of staff.
- 4.4 The high-level remit of the Corporate RMSG can be found within the Council's Risk Management Policy and Strategy document attached.

5.0 Conclusions

- 5.1 The Council's Risk Management Policy and Strategy, including roles and responsibilities, have been reviewed.
- 5.2 A comprehensive exercise has been undertaken, initially in conjunction with Zurich, to update the Council's Strategic Risk Register, a summary of which can be found at Appendix B to this report.
- 5.3 The risks in the Strategic Risk Register and the internal control frameworks in place to mitigate them will be regularly monitored, reviewed and assessed going forward.
- 5.4 The Corporate RMSG will continue to meet on a quarterly basis.
- 5.5 Risk management reports, including updates on the Strategic Risk Register and information surrounding further developments to the Council's risk management arrangements, will be compiled and presented to the CET and Standards and Audit Committee on a six-monthly basis.

List of Appendices

- A. Risk Management Policy & Strategy
- B. Strategic Risk Register

Report Contact:

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Risk Management Policy & Strategy

Version Control						
Version No.	Reviewed On	Reason for Review	Effective From	Lead Reviewer	Agreed CET	Approved S&AC
1.0	25/03/22	Full review.	19/04/22	P. Redpath	08/04/22	

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1.0 Background and Introduction

- 1.1 All organisations exist for a purpose, such as delivery of a service or to achieve a particular outcome. Fife Council, like other local authorities, exists to deliver a range of vital services for individuals and businesses within a defined area. As part of the Fife Partnership, Fife Council is working towards achieving a shared vision of A Fairer Fife. Within this shared vision, priority themes have been identified to help steer the focus of work of the Fife Partnership and its partners. Through the implementation of agreed actions set out in the Plan for Fife (Local Outcome Improvement Plan) and other associated plans and strategies, the Fife Partnership, strives towards achieving its objectives, delivering better outcomes for the Fife community and ultimately achieving its collective vision. The level of this achievement depends upon the risks that Fife Council, and its partners, is exposed to and how well they are monitored, managed and mitigated.
- 1.2 Risk can be defined as the combination of the likelihood of an event occurring (adverse or otherwise) and the level of impact on the Council's ability to successfully achieve its objectives and outcomes if it does. The impact can be positive, as well as negative.
- 1.3 Risk management is a proactive, continuous and systematic process that helps organisations to anticipate, identify, evaluate and prioritise risks as well as co-ordinate the efficient application of, often very limited, resources to monitor and mitigate (through the existence of a robust internal control environment) the likelihood of adverse events occurring and / or their impact if they do (or maximise the realisation of opportunities). When risk management is working effectively, it also provides organisations with a foundation on which sound decision-making can be based, often helping to enable innovation and avoid disasters.
- 1.4 To achieve good governance, Fife Council is required to demonstrate that it complies with the principles of good governance, detailed in both *The International Framework: Good Governance in the Public Sector* (2014) and CiPFA publication *Delivering Good Governance in Local Government Framework* (2016 Edition). One of the core principles of good governance detailed in these frameworks is "Managing risks and performance through robust internal control and strong public financial management". The Council is required to develop and maintain a local code of corporate governance that adequately reflects these principles. Having effective risk management arrangements in place is also an integral part of the Council being able to demonstrate its compliance with Best Value.
- 1.5 The sections below outline Fife Council's Risk Management Policy and Strategy, the purpose of which is to provide direction surrounding the management of risk and ultimately support the achievement of objectives and delivery of outcomes, protect staff, assets and the local community, as well as help ensure financial sustainability. Compliance with the Policy and Strategy will help ensure that effective risk management arrangements are progressively and continuously embedded within the Council.

2.0 Vision Statement

- 2.1 Fife Council recognises the importance of having robust risk management arrangements in place and seeks to ensure that they continue to form part of its local code of corporate governance.
- 2.2 The Council's risk management objectives are:

- To establish a co-ordinated, methodical and rigorous approach to risk management throughout the organisation.
- To ensure risk management is embedded into the culture of the organisation, through effective policy, procedures and communication.
- To clearly define risk management roles and responsibilities.
- To ensure that the risk management process supports accountability, performance management and reward.
- To achieve level 4 on the Council's Risk Management Maturity Model.

2.3 Risk management will be subject to:

- Regular monitoring, review and impact assessment by officers and Elected Members.
- The provision of adequate and appropriate training and development opportunities for employees and Elected Members.
- Integration with the Council's planning process.
- Consideration in community planning and all other forms of partnership working.

3.0 Review Arrangements

- 3.1 As a minimum, the Council's Risk Management Policy and Strategy will be subject to at least one formal comprehensive review during each administrative term, at intervals not exceeding five years.
- 3.2 Any material amendments made to the Risk Management Policy and Strategy will be presented to the Council's Standards and Audit Committee for approval, following agreement, as appropriate, by the Corporate RMSG, Executive Director of Finance and Corporate Services and Council Executive Team (CET).
- 3.3 The Risk Management Team Leader, in conjunction with the Corporate RMSG, is responsible for ensuring the Council's Risk Management Policy and Strategy are reviewed in accordance with the above, and more frequently if necessary to reflect changes in Council policy, legislation, regulation and best practice.

4.0 Ownership – Roles and Responsibilities

- 4.1 Whilst risk management is the responsibility of all Elected Members and Council officers, the principal roles and responsibilities for risk management are set out below.

Elected Members

The Council's Elected Members are responsible for directing risk management policy and understanding the strategic risks faced by the Council and how these are managed / mitigated. Elected Members are also responsible for:

- Carrying out the risk management remit through the Standards and Audit Committee and, as appropriate, other Council committees.
- Approving the Council's Risk Management Policy and Strategy.
- Having due consideration of risk when making Council decisions.

Chief Executive / Head of Paid Service

As the most senior appointed officer within the Council, the Chief Executive is ultimately responsible for ensuring risks, to which the Council is exposed, are effectively managed through a scheme of delegation.

The Chief Executive is also responsible for nominating a Senior Responsible Officer (SRO) for risk management, who will chair the Corporate RMSG.

CET

The CET is responsible for:

- Recommending the Risk Management Policy and Strategy to Elected Members.
- Making decisions on the risk management process as it affects all directorates / services.
- Receiving reports from the Corporate RMSG on the development and effectiveness of the Council's risk management arrangements and the management of the Council's strategic risks.
- Ensuring risk implications are highlighted in relevant Committee reports.

Executive Director, Finance and Corporate Services (Section 95 Officer)

At a corporate level, the Executive Director of Finance and Corporate Services is the Council's SRO for risk management, and is responsible for:

- Promoting the operation of effective risk management arrangements across the Council.
- Ensuring adequate resource is available to enable the efficient and effective identification, evaluation and control of risks faced by the Council.
- Maintaining a watching brief over the risk management policy and strategy review process and approving minor amendments made to these.
- Chairing the Corporate RMSG.
- Ensuring significant risk issues requiring intervention are brought to CET's attention.

Executive Directors / Director of H&SC

Each Executive Director is responsible for strategic and operational risk management in their own Directorate and will nominate one or more senior officer from within their Directorate to lead on, oversee and promote risk management locally. Executive Directors are also responsible for:

- Overseeing the development and maintenance of the Council's Strategic Risk Register.
- Ensuring Directorate / Service-level risk register(s) are established and maintained in line with the Council's Risk Management Maturity Model.
- Promoting integration of risk management principles into the culture of the Council and its partners via all Heads of Service.
- Ensuring risk management is a regular item on Directorate Leadership Team meeting agendas.
- Promoting the use of Pentana as the central repository for recording and updating risk registers and related information.
- Ensuring risk management is integrated into service planning and performance management arrangements.
- Promoting the sharing of relevant partnership risk management information.

Heads of Service

Heads of Service are responsible for promoting risk management within their Service and ensuring that the Council's risk management framework is implemented consistently. Heads of Service are also responsible for:

- Ensuring the ongoing identification of emerging risks, monitoring and maintenance of their service-level risk registers and ensuring Pentana is kept up to date.
- Ensuring all portfolios, programmes and projects under their control are effectively risk managed.
- Ensuring all partnerships their Service is involved in are effectively risk managed. This includes the requirement for all partnership agreements to set out responsibility for risk management.
- Highlighting risks to the Service Manager, Audit & Risk Management Services for potential inclusion in the Council's Internal Audit Plan.

Risk Management Leads

Risk Management Leads are responsible for communicating the benefits of effective risk management and for overseeing the risk management arrangements operating within their Directorate / Service. They will attend the Corporate RMSG meetings, act as the key point of contact for risk management related matters, and be responsible for:

- Promoting and influencing risk management throughout their Directorate / Service.
- Ensuring risk registers are maintained in Pentana, including co-ordinating regular reviews within timescales proportionate to the level of risks and that risk information is ready for reporting to Committee.
- Liaising with Heads of Service (as appropriate) and other managers to ensure actions are implemented and risks mitigated.
- Identifying and, where appropriate, escalating deteriorating risks, evolving risks, weak or ineffective controls and overdue actions.
- Ensuring key members of staff undertake risk management training as and when required.
- Supporting colleagues to report risks and concerns.

Service Manager - Audit and Risk Management Services

Responsible for:

- Managing the Council's Audit and Risk Management Service.
- Providing assurance to Elected Members and senior management on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- Overseeing the Council's Risk Management activities.
- Deputising for the Executive Director of Finance and Corporate Services in connection with risk management matters as and when required.
- Providing support and guidance to Elected Members and senior managers in relation to risk management matters.

Risk Management Team

Responsible for establishing and maintaining, in line with good practice, the Council's corporate and service level risk management framework, including:

- The Council's Risk Management Policy and Strategy and supporting corporate procedures / manual.
- Raising awareness and promoting a risk management culture throughout the organisation.
- Providing support to directorates / services as required surrounding the incorporation of risk management arrangements into service delivery.
- Assisting with the ongoing development and maintenance of the Council's strategic and service-level risk registers.
- Keeping abreast of strategic risk events and providing advice and guidance as appropriate to senior management.
- In conjunction with Risk Management Leads and the Corporate RMSG, undertaking horizon scanning on an ongoing basis.
- Attending ALARM (Association of Local Authority Risk Managers) events and disseminating key information to individuals throughout the Council.
- Highlighting risks for escalation and supporting management to do that.
- Developing training and awareness programmes in conjunction with Workforce Development and leading on their delivery throughout the organisation.
- Providing ongoing support to Elected Members and senior management on risk management related matters.
- Regularly engaging with insurers and brokers to ensure that, where possible, risks are financially protected.

Performance and Improvement Team

- Liaising with directorates / services surrounding the ongoing requirements to regularly assess risks and corresponding internal control frameworks within Pentana.
- Promoting the requirement to use Pentana and providing training on the system as required.
- Providing support to directorates / services as required surrounding the incorporation of risk management into service delivery.
- Co-ordinating the ongoing development and maintenance of the Council's strategic and service-level risk registers.
- Promoting the requirement to use Pentana and providing training on the system as required.
- Liaising with the software supplier for Pentana to ensure continued utilisation of the system and its alignment to the Council's risk management arrangements.
- Extracting risk registers and related reports from Pentana as and when required.

All Employees

- Maintain awareness of risks and contribute to the control process where appropriate.

4.2 In addition to the roles and responsibilities noted above, the Corporate RMSG has an important role to play surrounding the setting and review of the Strategy as well as monitoring its implementation. The formal high-level remit of the group can be found at Appendix 2 along with membership and meeting schedule details.

5.0 Risk Management Policy

- 5.1 Fife Council does not generally have an appetite for exposure to very high risk, which could result in catastrophic levels of adverse impact. However, risk is inherent in every area of service provision, and it is recognised that risk management is not risk aversion. Fife Council is committed to promoting a culture and environment that is risk aware; embedding risk management into its working practices and procedures and ensuring that its officers and Elected Members are able to readily identify and understand the risks (and opportunities) to which the Council is exposed, in turn, enabling them to effectively mitigate risks and make informed decisions rather than avoiding risk altogether.
- 5.2 The Council will develop and maintain systems and procedures that help identify, evaluate and economically deal with existing and anticipated risks (and opportunities), which may impact on its ability to achieve its objectives and deliver better outcomes for the individuals and businesses in the community it serves. With that in mind, the management of risk in the Council is undertaken within a control framework comprising the following. The Council's risk appetite, once defined, will be incorporated into the framework as appropriate.
- Governance processes, largely set out in the Council's Standing Orders.
 - Risk Management Policy and Strategy.
 - Identification, evaluation and management of key risks.
 - Systems of internal control / control environment.
- 5.3 Assessment of risk and the ability to manage it will be an integral part of strategic and operational level decision making.
- 5.4 The Council's Committee reporting process includes a requirement for completion of Impact Assessments (e.g. EqIA, DPIA & EnvIA) for relevant reports. Where completion of Impact Assessments is required, this will include a risk assessment to provide outline information to Committee on the risks associated with the proposal being presented, and the specific control measures required to mitigate those risks.
- 5.5 Adopting this Policy enables the Council to be innovative and preserve / enhance service delivery, whilst at the same time:
- Protect its internal and external stakeholders.
 - Protect the different types of properties in its portfolio.
 - Ensure compliance with statutory and regulatory obligations.
 - Maintain the efficient and effective stewardship of public funds.
 - Safeguard its reputation and promote a positive corporate image.
- 5.6 By effectively managing risk, the Council will be enabled to implement the Plan for Fife, and other associated plans and strategies (including the Local Development Plan, FIFEplan and 7 Area Community Plans), manage project risk and deliver its key strategic priorities.
- 5.7 In relation to Strategic Risk Management, the Corporate RMSG will co-ordinate the management of strategic risks that could impact on the Council's objectives. Individual Heads of Service will retain ownership of the risks that fall within their Service area.
- 5.8 Operational risk management is integral to the role of managers across the Council, requiring them to actively manage the risks they encounter whilst performing their duties on a day-to-day basis. All Council officers are expected to assist with risk management utilising Pentana and are actively encouraged to participate in the

identification, assessment, review and mitigation of risks that could affect the achievement of objectives.

- 5.9 The Council will provide training and awareness to enable officers to discharge this responsibility and, more specifically:
- identify and understand the risks they may be exposed to in the performance of their duties;
 - evaluate and mitigate the risks to which they are exposed; and
 - understand their risk management responsibilities.
- 5.10 This Risk Management Policy has the full support of the Council and its CET. The co-operation and commitment of all employees is required to ensure that the best use of Council resources is made through the effective management of risk(s).

6.0 Risk Management Strategy

- 6.1 The Council's Risk Management Strategy has been developed to enable effective delivery of objectives in accordance with the Council's Risk Management Policy Statement.
- 6.2 The Council operates a 'three lines of defence' model to provide structure around its risk management arrangements and help clarify some of the key roles and responsibilities:
- 1st Line of Defence – officers on the front line (the doers) – these individuals manage risk on a day-to-day basis, observe the Council's policies and procedures to ensure compliance with legislation, regulation, government guidance and best practice and carry out the Council's defined risk management processes.
 - 2nd Line of Defence – management (the superintendents / overseers) – these individuals are responsible for the oversight of officers on the front line, helping through active supervision and management to ensure compliance and identify, evaluate, monitor and mitigate risks. These individuals also help develop risk management policies, processes and procedures.
 - 3rd Line of Defence – internal and external assurance providers (the investigators) – independently assessing and reporting on the work of the other two lines of defence with the view to providing assurance and helping to drive improvement.
- 6.3 The risk management process is a continuous one that incorporates identifying the risks, assessing them (using the matrices), treating / managing them in a way that is proportionate to the level of risk (through internal controls) and monitoring, reviewing and reporting on them. There may be instances where it is considered more appropriate to tolerate a risk as it presents itself or to terminate (or stop) an activity because the corresponding risk(s) far exceed the risk appetite of the organisation. The process is relevant when managing risk at all levels in the organisation e.g. strategic / corporate, operational / service and project level.



- 6.4 A key element of the Council’s Risk Management Strategy for managing the above process is the development and maintenance of comprehensive risk registers, which will be actively managed and maintained within Pentana. Risk registers to be maintained include:
- The Strategic Risk Register, which incorporates the Council’s high level, strategic risks that may impact on overall delivery of Council objectives and achieving better outcomes for Fife.
 - Directorate / Service-level Risk Registers, which reflect risks at a service level, where the impacts are predominantly operational e.g. interruptions to service delivery, finance, staffing etc.
 - Project Risk Registers, which set out risks specific to a project and take account of consequential impacts on other Council services.
- 6.5 In order to ensure consistency of assessment, each risk will be considered for both impact and likelihood using the assessment matrices at Appendix 1. A standard framework will be used for effective monitoring of ongoing risk mitigation, which will be based on assessing the following risk scores:
- Inherent (or uncontrolled) Risk (assessed as if no internal controls were in place to mitigate it)
 - Current Residual Risk (assessed now, giving due consideration to the existing internal control framework and how effective it is at mitigating the likelihood of the risk coming to fruition and / or its impact if it does)
 - Target Residual Risk (assessed with the view that all internal controls that could be put in place, are in place and fully effective)
- 6.6 Internal controls will be established to manage risk at a level aligned to the Council’s risk appetite and with the ultimate aim of arriving at the target residual risk level. These controls will be recorded in Pentana against each risk. In addition, actions will be identified and agreed on an ongoing basis, via a number of mechanisms (including via management, internal / external audit and external scrutiny bodies) which, once complete, will help to strengthen the internal control framework and reduce the gap between the current and target residual risk scores.
- 6.7 In order to maintain effective control of the Council’s risks and monitor risk mitigation measures, the risk registers at all levels will be subject to regular review and reporting.
- 6.8 Maintenance of the Strategic Risk Register will be facilitated by the Performance and Improvement Team, in conjunction with the Risk Management Team, and reported:
- Quarterly to the Corporate RMSG

- Six monthly to CET and Standards and Audit Committee, or earlier in the event of meaningful adverse movement
- 6.9 Consideration will also be given to the potential impact on the Council of partner risks, both strategically and operationally e.g. the Fife Integration Joint Board, Fife Sports and Leisure Trust etc. Where feasible / appropriate, partner risk registers will be maintained in conjunction with the Council, using Pentana. Otherwise, ongoing access to partner risk registers will be sought in order to enable effective ongoing monitoring and escalation. Where appropriate, the Council will also share relevant risk management information with its partners.
- 6.10 Risk based internal and external audits / other forms of scrutiny will be undertaken, which will determine whether internal controls are operating as effectively as they should be. Where an audit / inspection results in recommendations for improvement being made, progress towards implementation of recommendations will be monitored in line with standard working practices e.g. for internal audits, the implementation of recommendations will be monitored via the Post Audit Review process and / or delivery of a formal follow-up.
- 6.11 The RMSG is responsible for setting and reviewing the Strategy as well as monitoring its implementation by Directorates and Services. In addition to the RMSG, the CET, other relevant strategic groups (such as the Corporate Health and Safety Strategy Group), Directorates, Services and Committees actively promote the Strategy and support its delivery.

Appendix 1

Risk Matrix:

Likelihood	Impact				
	None (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Remote (1)	1	2	3	4	5

Key:

Insignificant	Low	Medium	High
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Risk Impact Assessment Matrix:

Impact	Score	Description				
		Impact on Service Objectives	Financial Impact *	Impact on People	Impact on Time	Impact on Reputation
Catastrophic	5	Unable to function, inability to fulfil obligations	Severe financial loss > £XM	Death	Serious – In excess of two years to recover pre-event position	Highly damaging, severe loss of public confidence
Major	4	Significant impact on service provision	Major financial loss £XM to £YM	Extensive injury, major permanent harm	Major – Between 1 year – 2 years to recover pre-event position	Major adverse publicity, major loss of confidence
Moderate	3	Service objectives partially achievable	Significant financial loss £XK to £XM	Medical treatment required, semi-permanent harm up to 1 year	Considerable – between six months to 1 year to recover pre-event position	Some adverse publicity, legal implications
Minor	2	Minor impact on Service objectives	Moderate financial loss £XK to £XK	First aid treatment, non-permanent harm up to 1 month	Some – 2 to 6 months to recover	Some public embarrassment, no damage to reputation
None	1	Minimal impact, no service disruption	Minimal loss Up to £XK	No obvious harm/injury	Minimal – up to 2 months to recover	No interest to the press, internal only

* Financial impact will vary according to where in the organisation the risk sits.

Risk Likelihood Assessment Matrix:

Likelihood	Score	Description
Almost certain	5	Will undoubtedly happen, possibly frequently.
Likely	4	Will probably happen, but not a persistent issue.
Possible	3	May happen occasionally.
Unlikely	2	Not expected to happen but is possible.
Remote	1	Very unlikely this will ever happen.

Appendix 2

RISK MANAGEMENT STRATEGY GROUP MEMBERSHIP, MEETING SCHEDULE & REMIT

Membership

The Corporate Risk Management Strategy Group (RMSG) will comprise:

- The Executive Director of Finance and Corporate Services, or appropriate depute i.e. Head of Finance.
- Service Manager, Audit & Risk Management Services
- The Risk Management Team Leader and Risk Officer.
- Representation from all Directorates at Head of Service level.

In the event of a nominated representative no longer being available to fulfil their role on the group, the RMSG will seek nomination of a replacement member.

The RMSG will be Chaired by the Executive Director of Finance and Corporate Services. In the event of the absence of the Executive Director of Finance and Corporate Services, the Head of Finance will act as Chair.

Meeting Schedule

- Formal meetings of the Corporate RMSG will be held on a quarterly basis.
- In the event of meeting having to be postponed, an alternative suitable date will be arranged.

Remit (High-Level)

- Provide oversight on the Council's risk management arrangements.
- Review the Risk Management Policy and Strategy in accordance with documented requirements.
- Establish, and keep under review, the Council's risk appetite.
- Receive and consider Strategic Risk Register reports from the Performance and Improvement Team and co-ordinate the management of strategic risks.
- Monitor and report on the completeness of the Council's risk registers, including the Council's Strategic Risk Register and the integrity of the data within it.
- Report on key risk management activities being undertaken across the Council.
- Identify, on an ongoing basis, and highlight at group meetings the following:
 - evolving risks / risks on the horizon
 - deteriorating risks
 - overdue actions
 - weak or ineffective controls
 - other risk related matters as appropriate
- Identify, share and promote good practice in risk management throughout the organisation.
- Help identify and scope risk management related learning and development needs and direct corresponding communications appropriately.

GLOSSARY OF TERMS

Risk Management

Internal Control	Measure put in place to mitigate the likelihood of a risk coming to fruition and / or its impact if it does.
Inherent Risk	The level of uncontrolled risk, assessed as if no internal controls are in place to mitigate it.
Residual Risk	The level of controlled risk, assessed at the current stage of implementation of internal controls. It gives due consideration to the existing internal controls and how effective they are.
Target Risk	The level of controlled risk assessed with the view that all internal controls that could be put in place, are in place and fully effective.
Risk Treatment	Selection and implementation of appropriate options for dealing with risk.
Action	Actions are identified via a number of mechanisms (including management, internal / external audit and external scrutiny bodies), which, once complete, help to strengthen the internal control framework and reduce the gap between the current and target residual risks.
Risk Universe	Refers to all of the Council's risks.
Risk Register	An information repository that an organisation creates to document the risks it faces and the responses it is taking to address them. Risk registers exist at different levels in the Council, including strategic / corporate, operational / service and project levels.
Pentana	The Council's preferred software solution for risk management, used by management to manage, monitor and maintain the Council's risk registers. Also used by the Council for performance management.





Risk Type




Strategic Risk	Risks that may impact on overall delivery of Council objectives and achieving better outcomes for Fife.
Operational Risk	Risks that may impact on the day-to-day delivery of Council.
Project Risks	Risks that can impact directly on the successful delivery of individual projects.















Risk Assessment (see Appendix 1)







Risk Matrix	The Council uses a standard 5x5 Impact / Likelihood matrix to assess / score' each risk.
Impact	The level of impact that will be sustained if a risk event occurs (comes to fruition), assessed on a scale of 1 - 5.
Likelihood	The likelihood of a risk event occurring assessed (coming to fruition) on a scale of 1 - 5.








Strategic Risk Register Summary








Risk Level Key	
	High
	Medium
	Low
	Insignificant













Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level		
1. BTS004 - ICT Failure	<p>As a result of:</p> <ul style="list-style-type: none"> • Misuse, Misappropriation or Mismanagement of IT. • Lack of governance / compliance with standards. • Lack of alignment to Council priorities and appropriate ICT investment. • Cyber-attack or other malicious action. <p>There is a risk that:</p> <ul style="list-style-type: none"> • A critical failure of Council systems & information will not be available to support service delivery. <p>Which may result in:</p> <ul style="list-style-type: none"> • Service failure. • Impact on service users. • Fines & litigation. • Loss of reputation / loss of trust. • Unplanned costs of recovery. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • ICT Strategy that could fail to meet the needs of the Council. • Failure to meet legal requirements in terms of security and licensing. • Failure to provide resources to deliver effective ICT. • Failure to develop effective enterprise architecture principles. • Failure to understand the Councils ICT needs. • Failure to manage ICT processes effectively. <p>Impact</p> <p>Potential impacts include:</p> <ul style="list-style-type: none"> • Failure of technology enabled services. • Ineffective or inefficient deployment of IT resources. • Poor technology investment decisions. • Difficulties in meeting compliance and statutory obligations. • Failure of the Council to realise benefits from technology solutions. • Unplanned costs associated with recovery of ICT systems. 	12			
			Current Residual Risk Score	Current Residual Risk Level	12	
			Target Residual Risk Score	Target Residual Risk Level	8	
			Managed by	Eileen Rowand	Assigned To	Charlie Anderson
Last Reviewed	11-Feb-2022	Next Review Due	01-Apr-2022			





Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk	
FCS BTS 008	ICT / Digital Strategy	Fully Effective	
FC RIC 013	Corporate Information & Records Management Strategy	Partially Effective	
FC RIC 031	Patch Management Strategy	Fully Effective	
FCS BTS 010	System Resilience and Disaster Recovery	Partially Effective	
CS IT IC 007	ICT Governance Board	Fully Effective	
CS IT IC 010	Contract Management	Fully Effective	
CS IT IC 025	Use of Transparent and Standardised IT Process Governance Model (COBIT)	Partially Effective	
FC RIC 048	Information Governance Working Group	Fully Effective	
CS IT IC 028	Solutions Assurance	Fully Effective	
FCS BTS 004	Access Rights Management	Fully Effective	
FCS BTS 005	Security Incident Management	Fully Effective	
FCS BTS 013	Change Approval Boards	Fully Effective	
FCS BTS 015	Active Network and Device Monitoring	Partially Effective	
FCS BTS 016	Scottish Government Cyber Resilience Strategy	Fully Effective	








Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level
2. CN002 - Inequality and Social Division	<p>As a result of:</p> <ul style="list-style-type: none"> Entrenched difficult to address long term issues. Educational Inequality Risk (Risk Number TBC). Impact of national policy changes in welfare policy to individuals or family's income). Impact of COVID on already vulnerable people & families Ending of some UK & Scot Gov interventions. Failure to break the cycle of poverty. Failure to plan and resource effective interventions. Inability to engage with affected communities across Fife. <p>There is a risk that:</p> <ul style="list-style-type: none"> The Fairness / Inequality gap will widen. <p>Which may result in:</p> <ul style="list-style-type: none"> An increase in poverty rates. Negative impacts for individuals and families. An increase in demand for some services. Increased levels of unsustainable debt in the population. Health inequalities. Food poverty. Fracturing of social cohesion within some communities. Increase in process times for support. 	<p>Risk factors include:</p> <p>There will be a number of external factors that may influence the likelihood of this risk occurring, including:</p> <ul style="list-style-type: none"> National government policy on Welfare Reform. Variations in funding within Fife Council. Impact of restructures in available resources to undertake poverty and fairness related work. Impact of Covid. <p>Impact</p> <p>Potential impacts include:</p> <ul style="list-style-type: none"> % of children living in poverty. % of fuel poor households. % of people living less than the living wage. In work poverty. Attendance at job clubs. Benefit claimants. Increase in hate crime. 	20	
			Current Residual Risk Score	Current Residual Risk Level
			20	
			Target Residual Risk Score	Target Residual Risk Level
12				
Managed by	Eileen Rowand	Assigned To	Paul Vaughan	
Last Reviewed	05-Oct-2021	Next Review Due	01-Apr-2022	
Internal Control Code	Internal Control Title	Description	Effectiveness in relation to this Risk	
FC 030	Area Based Anti-Poverty Action Plan		Partially Effective	
FC 031	Fuel Poverty Action Plan		Partially Effective	
FC 032	Child Poverty Action Plan		Partially Effective	






Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level	
3. CN003 - Health Improvement	<p>As a result of:</p> <ul style="list-style-type: none"> • Inequality risk / poverty. • Local Economy risk (FC017). • Entrenched long-term issues, such as obesity, alcohol & drug misuse, & mental ill-health. • Poor housing access & conditions. • Ageing population & increase in complex health needs. • Poor planning across partners. • Ineffective interventions. • Impact on COVID on mental & physical health. • Lack of investment in mental health services. <p>There is a risk that:</p> <ul style="list-style-type: none"> • Public health outcomes do not improve. <p>Which may result in:</p> <ul style="list-style-type: none"> • Increased demand on intensive & expensive acute partnership services, such as adult social care. • Increased costs to deliver acute services. • People in Fife not living as full a life as possible. • Alcohol & drug related deaths remain at similar levels. • Lower participation in community life & leisure activities. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • Lifestyle. • Food poverty. • Substance misuse in some communities is an entrenched, long-standing issue. 	15		
				Current Residual Risk Score	Current Residual Risk Level
				12	
				Impact	Target Residual Risk Score
		<p>Potential impacts include:</p> <ul style="list-style-type: none"> • Housing - homelessness. • Housing - access to high quality housing. Local Government Benchmarking Framework. • Physical activity measures. • Public Health - alcohol & drug misuse stats. • Public health - obesity stats. • Public health - Warwick-Edinburgh mental health stats. 	9		
Managed by	Michael Enston	Assigned To	Paul Vaughan		
Last Reviewed	19-Oct-2021	Next Review Due	01-Apr-2022		
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk			
FC 009	Community Safety Strategy	Partially Effective			
FC 034	Local Housing Strategy	Fully Effective			
FC 035	Mental Health Strategy (HSCP)	Partially Effective			
FC 036	Physical Activity Strategy	Partially Effective			






















Risk No. Code & Title	Risk Description	Risk Factors		Inherent Risk Score	Inherent Risk Level
4. ECS002 - Educational Inequality	<p>As a result of:</p> <ul style="list-style-type: none"> Children being absent from school during the pandemic. Lack of access to suitable IT devices & broadband. Not targeting limited resources effectively to address need. Not having the right level of intervention at the right time. Short term funding commitments for long term interventions. Resources allocated based on free school meals – from government to schools to procure / commission services, recruit staff or other interventions. <p>There is a risk that:</p> <ul style="list-style-type: none"> Young people won't achieve the educational outcomes they are capable of. <p>Which may result in:</p> <ul style="list-style-type: none"> Reduced opportunities for achieving a positive post-school destination. Increase rates in structural unemployment. Reduced life chances. Children more likely to remain in a cycle of poverty. Impact on health & wellbeing for those children. Impact on community health & wellbeing. Less likely to meet 4 capacities as defined by Curriculum for Excellence (CfE). 	<p>Risk factors include:</p> <ul style="list-style-type: none"> Scottish attainment challenge funding & pupil equity funding is temporary. Benefits system for families – changes are outside Council's control. Workforce Planning – do we have the right people in the right place at the right time? Family / community issues can be long-term and engrained. 		20	
				Current Residual Risk Score	Current Residual Risk Level
				16	
				Target Residual Risk Score	Target Residual Risk Level
		Impact	Target Residual Risk Score	Target Residual Risk Level	
		<p>Potential impacts include:</p> <ul style="list-style-type: none"> Poverty related attainment gap for CfE. Poverty related attainment gap for national qualifications. Poverty related gap in positive destinations post-school. Other protected characteristics related attainment gap for CfE. 		9	
Managed by	Carrie Lindsay	Assigned To	Angela Logue		
Last Reviewed	15-Feb-2022	Next Review Due	15-April-2022		
Internal Control Code	Internal Control Title			Effectiveness in relation to this Risk	
FC 047	Fife Children Services Plan			Partially Effective	
FC 046	E&CS Directorate Improvement Plan 2021-23			Partially Effective	
FC 048	National Improvement Framework for Schools			Partially Effective	
FC 049	The Promise			Partially Effective	










Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level		
5. EE001 - Assets and Infrastructure	<p>As a result of:</p> <ul style="list-style-type: none"> • Legacy infrastructure. • Deterioration of highways, lighting, bridges, marine, harbour & seawall infrastructure through lack of financial investment. • Failure to influence budget allocation to obtain adequate funding to maintain our assets. • Lack of good quality information sharing about assets. • Preference for investment in new infrastructure over maintaining existing. <p>There is a risk that:</p> <ul style="list-style-type: none"> • The deterioration would lead to unsafe infrastructure conditions. • The Council failing in its legislative obligations. <p>Which may result in:</p> <ul style="list-style-type: none"> • Injury or harm to individuals. • Increase in public liability claims and uninsurable risks. • Legal Financial penalties. • Impact on tourism if public realm is seen as 'run down'. • Impact on the Fife Economy. • Reputational damage. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • Impacts of climate change on assets & infrastructure. • Realistic budget allocation. • Scheduled inspections of asset condition in line with legislation. • Qualified / competent employees to: <ul style="list-style-type: none"> ➢ maintain asset register. ➢ assess asset condition. ➢ deliver necessary corrective action to maintain or improve asset. ➢ Prepare asset condition v financial implication reports. 	20			
		Current Residual Risk Score	Current Residual Risk Level	12		
		Impact	Target Residual Risk Score	Target Residual Risk Level	9	
		Potential impacts include:	<ul style="list-style-type: none"> • Unsafe buildings. • Unsafe road, footpaths, bridges and other structures (including retaining walls). • Unsafe marine infrastructure and green assets to include parks, trees, public open space and playparks. • Increase in public liability claims and uninsurable risks. • Legal Financial penalties. • Reputational damage. 			
Managed by	Ken Gourlay	Assigned To	John Mitchell; Alan Paul; John Rodigan			
Last Reviewed	21-Jan-2022	Next Review Due	15-May-2022			
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk				
FC RIC 002	Asset Register (AMIS)	Partially Effective				
FC RIC 003	Capital Investment Plan 2021-30	Partially Effective				
FC RIC 004	Property Services Planned Preventative Maintenance	Partially Effective				
FC RIC 005	Property Services Premises Regulation and Compliance	Partially Effective				
FC RIC 038	Systematic Inspections	Fully Effective				
FC RIC 039	Annual Review of Roads Condition Indicators (RCI)	Fully Effective				
EEAT RT 053	Inspection and maintenance of coastal protection measures	Partially Effective				
EEAT RT 001	Implementation of Roads Related Maintenance Strategies, Policies and Standards	Partially Effective				
EEAT RT 002	Annual Programme of Transportation Related Maintenance	Partially Effective				

EEAT RT 003	Capital Monitoring Procedures	Partially Effective	
EEAT RT 004	Roads Asset Management Plan	Partially Effective	
EEAT RT 067	Well Maintained Highways compliance	Partially Effective	
EEAT RT 068	Monthly Review of Capital Budget for 7 Area Roads Programme	Partially Effective	




Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level
6. EE002 - Risk to the Fife Economy	<p>As a result of:</p> <ul style="list-style-type: none"> External factors, e.g. interest rates, inflation. The effects of EU Exit including supply chain, price inflation and labour shortages. Being responsive to changing needs in the market e.g. business & digital delivery. Lack of local or national investment in private sector. Continued town centre decline and lack of corralling partnerships and investment. <p>There is a risk that:</p> <ul style="list-style-type: none"> The Fife economy does not grow in an inclusive way, involving community wealth building and green recovery focus. <p>Which may result in:</p> <ul style="list-style-type: none"> Impact on local communities, particularly Mid Fife / SIMD Areas. Increase in poor health outcomes over the longer term. Increase in unemployment due to shift in skills requirements and business models. Increase in relative poverty and inequality. Reduction in population if people move for employment. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> National Policy. Regional approach and partnership. Currency. Council's revenue and capital resource and phasing. Employability support. Revenue funding bids. Uncontrollable factors at a national or supra-national level which may affect Fife's economy but fall out with the control of Fife Council and its partners would include: <ul style="list-style-type: none"> a recession across the UK or internationally; interest rate rises as determined by the Bank of England arising from economic change at a national level; market, trading and economic uncertainty arising from the UK exiting the EU; democratic change at a national level; and natural or civil occurrences such as major weather events or civil unrest at a national level. 	16	
			Current Residual Risk Score	Current Residual Risk Level
		16		
		Impact	Target Residual Risk Score	Target Residual Risk Level
<p>Potential impacts include:</p> <p>Percentage of Businesses Surviving to 3 years including</p> <ul style="list-style-type: none"> No of Business start-ups No of Business closures Business retention rates Unemployment count Size & type of local businesses in the economy 	9			
Managed by	Keith Winter	Assigned To	Gordon Mole	
Last Reviewed	02-Nov-2021	Next Review Due	15-May-2022	
Internal Control Code	Internal Control Title			Effectiveness in relation to this Risk
EEEE IC 017	Fife Economic Strategy			Partially Effective 
EEEE IC 018	Fife Economy Partnership			Partially Effective 
EEEE IC 068	City Deal Investment			Partially Effective 
EEEE IC 069	Business Gateway Fife Supporting Indigenous Growth			Partially Effective 
















Risk No. Code & Title	Risk Description	Risk Factors		Inherent Risk Score	Inherent Risk Level
7. EE003 - Climate Change	<p>As a result of:</p> <ul style="list-style-type: none"> • Global carbon emissions. • Global failure to act and adapt to climate change. • Targets on carbon emissions. • Lack of public funding for crucial mitigation or adaptation projects. <p>There is a risk that:</p> <ul style="list-style-type: none"> • The Council does not lead effectively in supporting sustainability. • Sustainability across all of Fife, (e.g. complex governance, lack of accountability or responsibility, lack of urgency) • The Council does not embed climate & sustainability in decision making, or service delivery. • The response to the climate crisis across Fife is not implemented at pace / quickly enough. <p>Which may result in:</p> <ul style="list-style-type: none"> • Negative impacts on the community. • Asset damage / shorter lifecycle of assets, especially due to flooding. • Health & safety risks, e.g. in heatwaves, snow, ice or floods, landslips. • Financial costs. • Legal costs and reputational damage if perceived not to have acted or to have been otherwise liable. • The Council does not meet its targets to reduce carbon emissions. • The Council does not meet its legal obligations to adapt to the impacts of climate change. • The Council and the wider community do not adapt or prepare for increased frequency or severity of severe weather events. • Loss of trust in the Council's ability to deliver its commitments. 	<p>Risk factors include: Responding to the risks posed by climate change has two dimensions: mitigation and adaptation:</p> <p>1. Mitigation (cutting emissions): we need to avoid the most unmanageable impacts of a changing climate by making significant cuts to greenhouse gas emissions before we cause a dangerous, irreversible degree of warming.</p> <p>2. Adaptation (adapting society to cope with climate impacts): because of time lags in the atmospheric system we know that up to 2 degrees Celsius of warming is already inevitable over the coming decades (as a result of historic emissions) therefore we need to manage these unavoidable impacts of climate change by increasing the preparedness of our society and the resilience of our infrastructure and services.</p>		20	
		Current Residual Risk Score	Current Residual Risk Level		
		16			
		Impact	Target Residual Risk Score	Target Residual Risk Level	
<p>Potential impacts include:</p> <ul style="list-style-type: none"> • Financial penalties. • Additional costs and missed opportunities. • More pollution. • Communities will suffer (e.g. flooding and unprotected coastline may cause damage to property assets and could lead to loss of life / injury). • A poor legacy for future generations. • Economic damage. • Loss of natural capital / essential ecosystem functions. • Legal challenge. • Poor reputation. 	8				
Managed by	Keith Winter	Assigned To	Pam Ewen; Ken Gourlay		
Last Reviewed	07-Jan-2022	Next Review Due	15-May-2022		
Internal Control Code	Internal Control Title		Effectiveness in relation to this Risk		
EEAT RT 047	10 Year Climate Change / Adaption Programme		Partially Effective		
FC RIC 047	Systematic Inspections		Fully Effective		













EEAT RT 052	Planned actions (new budget Climate Change Adaptation) to deliver intervention projects e.g. East Neuk, Tayport, Newburgh and Kincardine	Partially Effective	
EEAT RT 053	Coast protection asset management, inspection and maintenance of the assets defined in the Fife's Shoreline Management Plan	Fully Effective	
EEAT RT 054	Implement 6 Year Programme of Local Flood Risk Management Plans	Partially Effective	
EEAT RT 055	Present reports for Flood Risk Management to Policy Advisory Group, Executive Committee and Elected Members.	Fully Effective	
EEAT RT 056	Dunfermline and Iron Mill Integrated Catchment Study (with SW) Levenmouth Integrated Catchment Study (with SW)	Partially Effective	
EEAT RT 048	Carry out drainage impact and flood risk assessments for development control advice	Fully Effective	
EEAT RT 051	Ensure operational plans are adequate and resources are in place to meet the demands of flooding and winter weather arising from climate change.	Fully Effective	
EEAT RT 057	Complete delivery of Dunfermline Flood Prevention Scheme	Fully Effective	
EEAT RT 049	Undertake coast protection feasibility studies on a prioritised basis and provide advice to outside bodies or other Council Services.	Fully Effective	
FRS 001	PROMASTER	Partially Effective	
FRS 002	Flood Pods	Partially Effective	
FRS 003	Emergency Refuges	Partially Effective	
FRS 004	COMIS	Partially Effective	
FRS 005	Emergency Response Plans	Partially Effective	
FRS 006	Fife Local Resilience Partnership	Partially Effective	
FRS 007	The Scottish Flood Forecasting Service	Partially Effective	
FRS 008	Schedule 18 activities (assessment and clearance of waterways to reduce flood risk).	Partially Effective	
FRS 009	Stitch in Time	Partially Effective	
FRS 010	Pre-flood Checking	Partially Effective	
FRS 011	Geographic Separation of Council Data Centres	Partially Effective	
FRS 012	Use of Vaisala Meteorological Data to Inform Weather Sensitive Activities	Partially Effective	





Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level		
8. FC007 - Legal and Regulatory Compliance	<p>As a result of:</p> <ul style="list-style-type: none"> Failing to keep up to date with: <ul style="list-style-type: none"> Legislative changes Government policy changes Regulatory changes <p>There is a risk that:</p> <ul style="list-style-type: none"> The Council is unaware of changes to the national legislative, policy & regulatory framework. The Council does not plan effectively to meet these changes. <p>Which may result in:</p> <ul style="list-style-type: none"> Staff being unaware of legislative and regulatory obligations and a changed policy environment. The Council being non-compliant with applicable legislation or regulation. Negative impact on service delivery and service users. Negative impact on resources. Reputational damage / loss of trust in the Council. Potential for legal action against the Council or other challenges to processes & decisions. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> Compliance with current legislation. Preparation for compliance with new legislation and regulation. Effective horizon scanning. Communication and training on new legislation. 	12			
			Current Residual Risk Score	Current Residual Risk Level	6	
		Impact	Target Residual Risk Score	Target Residual Risk Level	6	
			Potential impacts include:		6	
Managed by	Eileen Rowand	Assigned To	Lindsay Thomson			
Last Reviewed	04-Feb-2022	Next Review Due	01-Sep-2022			
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk				
FCS LS 001	COSLA Guidance	Fully Effective				
FCS LS 002	Horizon Scanning	Fully Effective				
FCS LS 003	Monitoring Committee Agendas	Fully Effective				
FCS LS 004	Compulsory Professional Development	Fully Effective				
FC 050	Knowledge Management	Partially Effective				










Risk No. Code & Title	Risk Description	Risk Factors		Inherent Risk Score	Inherent Risk Level
9. FC019 - Political	<p>As a result of:</p> <ul style="list-style-type: none"> Lack of adherence to, or a lack of knowledge or understanding of, the Council's governance arrangements and / or the external regulatory environment. <p>There is a risk that:</p> <ul style="list-style-type: none"> There is a failure to adhere to the Council's governance arrangements by Members or a breach of the Councillors Code of Conduct. <p>Which may result in:</p> <ul style="list-style-type: none"> Ineffective decision making. Sanctions against individual Members (by Standards Commission). Reputational damage (Council & Member). 	<p>Risk factors include:</p> <ul style="list-style-type: none"> Attendance at training by Councillors. Seeking guidance from Officers. Regular Review of Council Governance documents. 		9	
				Current Residual Risk Score	Current Residual Risk Level
				9	
				Impact	Target Residual Risk Score
		<p>Potential impacts include:</p> <ul style="list-style-type: none"> No. of complaints regarding Councillor behaviour upheld. No. of judicial reviews based on failures in decision making. 		6	
Managed by	Eileen Rowand	Assigned To	Lindsay Thomson		
Last Reviewed	04-Feb-2022	Next Review Due	01-Aug-2022		
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk			
CSDE IC 001	Acceptance of Office	Fully Effective			
CSDE IC 019	Registers of Councillors Interests	Partially Effective			
CSDE IC 003	Standards and Audit Committee monitoring arrangements	Fully Effective			
CSDE IC 004	Standards Commission Guidance	Partially Effective			
CSDE IC 005	Code of Conduct for Members and Officers	Partially Effective			
CSDE IC 006	Councillor Induction Process	Partially Effective			
CSDE IC 020	Elected Members Development Focus Group & Ongoing Training Programme	Partially Effective			










Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level
<p>10. FC020 - Safety and Protection</p>	<p>As a result of:</p> <ul style="list-style-type: none"> • Failure to implement the CONTEST agenda. • Failure to deliver the Prevent Duty Guidance for Scotland. • Failure to strengthen protection against terror attacks considering building security, cyber, security, staff safety. • Failure to mitigate the impact of a terrorist attack when the attack cannot be stopped, through Business Continuity and Resilience. • Failure to engage with the Serious Organised Crime Taskforce, and to implement the Serious Organised Crime Strategy. • Failure to protect vulnerable communities and businesses from becoming involved in extremism and serious organised crime. • Failure to deliver Community Safety Services. • Failure to prepare for a terrorist attack. <p>There is a risk that:</p> <ul style="list-style-type: none"> • We are not prepared to take action to minimise or prevent terrorist attacks or Serious Organised Crime. <p>Which may result in:</p> <ul style="list-style-type: none"> • There will be a detrimental effect on people's physical and mental wellbeing. • An inadequate response to terrorist attacks. • Failure to have appropriate measures in place to deter Serious Organised Crime, and to divert individuals from engaging in, or using the products from Serious Organised Crime. • Failure to identify potential terrorist activity or Serious Organised Crime. • Staff are not aware of the importance of or how to report potential terrorist activity or Serious Organised Crime • Major Service Failure. • Loss of Life. • Catastrophic impact on our communities. • A threat to resources and public security. • Negative feelings / perceptions of safety within their communities. • Misuse of council resources 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • Lack of collaboration at strategic level. • Lack of understanding around individual parties' role to deliver CJOIP. • Reduction in frontline service budgets. • Profile of community safety is diluted. • Ability to diversify to meet changing priorities. • Alignment to Plan for Fife. • Lack of joined up approach. • Diverse area affected – HR / Trading Standards / CJs / Children & Families / H&SC / BTS etc. • Lack of Staff Training and Awareness – how to report terrorism concern or radicalisation concern, reporting processes, building security, move to critical plan, resilience plans, cyber security, bomb threats and suspicious packages. 	15	
		Impact	15	
		<p>Potential impacts include:</p> <p>Increase in incidents of:</p> <ul style="list-style-type: none"> • Unintentional harm within the home. • Crime and antisocial behaviour. • Environmental offending. • Road traffic collision / injury / death. • Offending and re-offending. • Violence against women. • Fear of crime. • Drug / human trafficking. • Child sexual exploitation. • High value fraud. • Cyber-crime. • Modern slavery. • Bomb threats / suspect packages. • Infiltration from Serious Organised Crime groups. • Vulnerable people being radicalised. • Terror Attacks. • Fear of crime. • Death. • Loss of staff. • Disruption to Service. • Economic impact on Fife. <p>Decrease in incidents of:</p> <ul style="list-style-type: none"> • Community disposals. • Supports available to those with Criminal Justice experience. 	10	
		Target Residual Risk Score	Target Residual Risk Level	

Managed by	Steven Grimmond	Assigned To	Michael Enston; Eileen Rowand
Last Reviewed	01-Oct-2021	Next Review Due	01-Apr-2022
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk	
FC 015	Whistleblowing Guidance	Partially Effective	
FC 008	Code of Conduct	Partially Effective	
FCS BTS 016	Scottish Government Cyber Resilience Strategy	Partially Effective	
FC 001	Fife Council CONTEST Group	Partially Effective	
FC 002	Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption	Partially Effective	
FC 003	Community Justice Outcome Improvement Plan	Partially Effective	
FC 004	Corporate Fraud Awareness Sessions for Procurement Staff (including Delegated Procurement Authority)	Partially Effective	
FC 005	CONTEST Awareness Training	Partially Effective	
FC 006	Fraud Risk Review Plan	Partially Effective	
FC 007	Fraud – A Guide to Your Role’ Publication	Partially Effective	
FC 009	Community Safety Strategy	Partially Effective	
FC 010	Fife Community Safety Partnership	Partially Effective	
FC 012	Multi-Agency Fife CONTEST Group	Partially Effective	
FC 014	PREVENT Reporting Process	Partially Effective	
FC 016	Corporate Fraud Strategy and Response Plan	Partially Effective	

Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level
11. FC026 - Protection of adults at risk of harm and vulnerable children	<p>As a result of:</p> <ul style="list-style-type: none"> • Impact of COVID on individuals & families' wellbeing. • Impact of COVID on workforce to deliver for children & families. • Lack of workforce capacity to meet service demands. • Failures within a 3rd sector or independent provider meaning they are unable to fulfil their obligations. • Managerial capacity to demonstrate compliance of ongoing robust practice. • Individual error / negligence. <p>There is a risk of:</p> <ul style="list-style-type: none"> • A failure to protect adults at risk of harm and vulnerable children. <p>Which may result in:</p> <ul style="list-style-type: none"> • Significant harm to individuals. • Potential harm, injury, or death of service users. • Exploitation of children or adults. • Impact on Fife employees. • Legal costs & litigation. • Loss of public trust in Council. • Loss of public trust in partners, e.g. NHS or IJB 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • External risk factors could be increased due to impact of COVID and the wider economic impact across Fife. • Lack of resilience in carers & families. • Lack of active visibility of vulnerable adults / children within usual services / community provision due to lockdown. • These are demand led services and can result in sudden increases in workloads leading to stretched resources or lack of capacity. 	16	
			Current Residual Risk Score	Current Residual Risk Level
			16	
			Impact	Target Residual Risk Score
		<p>Potential impacts include:</p> <ul style="list-style-type: none"> • Harm to vulnerable children and adults at risk of harm • Damage to Council reputation. • Loss of public confidence in the Council's ability to deliver care services. Loss of confidence could also extend to partners, e.g. IJB, HSCP, & NHS 	12	
Managed by	Nicky Connor; Carrie Lindsay	Assigned To	Kathy Henwood; Rona Laskowski; Maria Lloyd; Avril Sweeney	
Last Reviewed	25-Jan-2022	Next Review Due	01-Apr-2022	
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk		
FC RIC 044	Child Protection Committee	Fully Effective		
FC RIC 046	Adult Support and Protection Committee	Fully Effective		
FC 047	Fife Children Services Plan	Fully Effective		
FC 051	Chief Officers Public Safety Group	Fully Effective		
FC 052	Workforce Resilience / Planning - Issues with accommodation / move to blended working and having the right equipment and lone working	Partially Effective		
FC 053	Commissioning Practice	Partially Effective		
FC 054	Support for Unpaid Carers	Partially Effective		
FC 055	Management Controls	Partially Effective		
FC 060	Weekly Assurance Meeting	Partially Effective		

Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level
12. FCS001 - Financial Sustainability	<p>As a result of:</p> <ul style="list-style-type: none"> • Inadequate funding for Plan for Fife Opportunities. • Unplanned Expenditure. • Savings or efficiencies not being delivered. • Increased demand for services. <p>There is a risk that:</p> <ul style="list-style-type: none"> • The Council and its partners fail to deliver Plan for Fife ambitions. • The Council's Financial sustainability is compromised. <p>Which may result in:</p> <ul style="list-style-type: none"> • A failure to meet the needs of communities. • Do not address inequalities. • Customer / Citizen dissatisfaction with the Council. • Reputational Damage. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • Inadequate financial and treasury management and budgetary control. • Changes to external central government funding process. • Failure to plan and budget appropriately. • Failure to maximise alternative sources of funding. • Compliance with primary legislation. • Universal Credit. • Reducing Government Grant and / or loss of income. • Failure to contain expenditure within budget. • Temporarily increased levels of balances. • Level of UK Government borrowing to fund pandemic. • Potential removal of statutory mitigation for Capital Accounting. • Covid Pandemic. • Impact of EU Exit • Increased inflation. 	16	
			Current Residual Risk Score	Current Residual Risk Level
			12	
			Impact	Target Residual Risk Score
		<p>Potential impacts include:</p> <ul style="list-style-type: none"> • Poor public perception of spending decisions. • Service provision severely curtailed, or failure to provide a service. • Low staff morale. • Inability to meet objectives. • Loss of income. • Legal action. • Overspending. • Poor decision making. • Inability to meet increased demand for services. • External Audit action. • Could potentially impact the Council's core funding. • Reduced Government Grant due to increased borrowing for pandemic. • Inability to enhance existing assets and restrict new investment. 	8	
Managed by	Eileen Rowand	Assigned To	Elaine Muir; Laura C Robertson	
Last Reviewed	08-Nov-2021	Next Review Due	01-May-2022	
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk		
FC RIC 003	Capital Investment Plan 2021-30	Fully Effective		

FC RIC 008	Corporate Governance Framework	Fully Effective	
FC RIC 009	Audit Plan	Fully Effective	
FC RIC 010	Financial Regulations	Fully Effective	
FC RIC 011	Budget Process	Partially Effective	
FC RIC 041	Long Term Budget Planning Model	Fully Effective	
FC 060	Medium Term Financial Strategy	Partially Effective	
FC 018	HRA Business Account	Fully Effective	
FC 019	Budget Monitoring	Fully Effective	
FC 033	Scenario Planning	Partially Effective	

Risk No. Code & Title	Risk Description	Risk Factors	Inherent Risk Score	Inherent Risk Level		
13. HR005 - Health, Safety and Wellbeing	<p>As a result of:</p> <ul style="list-style-type: none"> • Capacity to address H&S as a priority. • Attitude / perception that H&S is not a priority. • Lack of clarity or understanding of roles and responsibilities. • Lack of leadership & priority given to health, safety & wellbeing. • Failing to establish, update, deploy or maintain effective health and safety systems, risks identification and risk mitigation measures. <p>There is a risk that:</p> <ul style="list-style-type: none"> • Accident, injury or harm to a member of staff, service user, contractor or other 3rd party occurs. <p>Which may result in:</p> <ul style="list-style-type: none"> • Specified injury. • A fatality. • Harm. • Dangerous occurrence. • Notifiable disease. • Increased work-related stress. • Absences. • Loss of productivity. • Fines. • Regulatory investigations. • Prosecution by HSE. • Claims / litigation against the Council. • Legal costs for the Council. • Talent exiting the organisation early, and associated costs. • Reputational damage. 	<p>Risk factors include:</p> <ul style="list-style-type: none"> • Insufficient support in terms of induction, training and development. • Lack of knowledge of regulation affecting work with vulnerable groups. • Failure to comply with disclosure and Fife Council procedures. 	16			
			Current Residual Risk Score		Current Residual Risk Level	
					16	
				Impact	Target Residual Risk Score	Target Residual Risk Level
		<p>Potential impacts include:</p> <ul style="list-style-type: none"> • Accident reported. • HSE report if RIDDOR reportable. • Absent from work or activity. • Accident Investigation (plus potential HSE or police investigation). • Service disruption until duties are covered. • Negative press coverage. 	12			
Managed by	Eileen Rowand	Assigned To	Sharon McKenzie			
Last Reviewed	10-Feb-2022	Next Review Due	01-Apr-2022			
Internal Control Code	Internal Control Title	Effectiveness in relation to this Risk				
FC RIC 017	Health and Safety Policy	Fully Effective				
FC RIC 018	Health and Safety Framework Document	Partially Effective				
FC RIC 019	Corporate Health and Safety Strategy Group (CHSSG)	Fully Effective				
FC RIC 020	Senior Managers H&S Training Programme	Partially Effective				
FC RIC 022	Health Surveillance Programme	Partially Effective				
FC RIC 023	Health and Safety Training programme	Partially Effective				

FC 017	Public Health Scotland Guidance - COVID 19	Fully Effective	
FC 037	Council Health & Safety Guidance	Fully Effective	
FC 038	Committee / CET Reporting	Fully Effective	
FC 039	Fire Strategy & Action Plan	Partially Effective	
FC 040	Service & Directorate Health & Safety Forums	Fully Effective	
FC 041	Supporting Mental Health at Work Policy	To be assessed	
FC 042	Organisational Stress Risk Assessment	To be assessed	
FC 043	Talking Points	To be assessed	
FC 044	Mandatory Mentally Healthy Workplace Training	Partially Effective	
FC 045	Occupational Health & Counselling Provision	Fully Effective	

19th April, 2022

Agenda Item No. 8

2022/23 Internal Audit Plan

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

Wards Affected: All

Purpose

To submit to the Standards and Audit Committee the Internal Audit Plan for the 2022/23 financial year, the outcome from the recent review of the 2021/22 Internal Audit Plan and an update on the progress towards delivering the 2021/22 Internal Audit Plan.

Recommendation(s)

Standards and Audit Committee is asked to:

1. Review and approve the 2022/23 Internal Audit Plan as detailed at Appendix A.
2. Review and approve the proposed amendments to the 2021/22 Internal Audit Plan.
3. Note the update on progress towards delivering the 2021/22 Internal Audit Plan at Appendix B.

Resource Implications

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

Legal & Risk Implications

The Internal Audit Plan is designed to review the areas of highest risk, taking into account 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 adequacy of the Council's framework of governance, risk management and 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

The Chief Executive, Executive Director of Finance and Corporate Services, the Council Executive Team, Head of Finance and the Convener of the Standards and Audit Committee have been consulted on the content of this report.

1.0 2022/23 Internal Audit Plan

- 1.1 The Public Sector Internal Audit Standards (PSIAS), which came into effect in April 2013 and revised most recently in April 2017, set out the requirements in respect of professional standards for all internal audit service providers within the public sector. The key standards within the PSIAS that relate to the preparation of the Internal Audit Plan are as follows:
- Standard 2010 – Planning, which states that *“the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”*.
 - Standard 2020 – Communication and Approval, which states that *“the chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations”*.
- 1.2 In practice within Fife Council, a risk-based plan for the organisation, outlining the planned programme of work to be undertaken is developed annually by Audit Services. Due to the environment in which local government operates and the potential corresponding challenges, the plan requires to be sufficiently flexible enough to enable it to respond to changes in the organisation’s risks and priorities when they present themselves.
- 1.3 In developing the plan, the risk management framework and risk maturity of the organisation are taken into consideration. Where it is viewed that this area is not sufficiently well developed, the Service Manager, Audit and Risk Management Services is required to undertake a separate risk assessment to support the development of the plan. As part of that supplementary risk assessment process, input from key stakeholders is considered. A report containing the Council’s Strategic Risk Register will also be considered at the Standards and Audit Committee today. The 2022/23 Internal Audit Plan has been cross-referenced to risks within, using corresponding risk codes and inherent risk scores.
- 1.4 Whilst the Council is responsible for establishing and maintaining an appropriate framework of governance, risk management and control, a fundamental role of Audit Services is to provide Elected Members and senior management with independent and objective assurance surrounding those arrangements, whilst at the same time adding value and supporting improvement.
- 1.5 The Service Manager, Audit and Risk Management Services is required to provide an annual internal audit opinion on the adequacy of the Council’s framework of governance, risk management and control. With that in mind, the Internal Audit Plan should include a work programme that is sufficient and diverse enough to enable that opinion to be formed / provided. The annual opinion is included within the Internal Audit Annual Report submitted to Standards and Audit Committee.
- 1.6 Key components of the internal audit planning process include having a clear understanding of the Council’s functions / activities, associated risks and range and breadth of potential areas for auditing. This is known as establishing the Audit Universe. The Council’s high level Audit Universe can be found at Appendix C.

The planning process is also informed by developments at both a national and local level as well as other relevant background information contained, for example, within the Plan for Fife, Best Value Assurance Report, Audit Scotland reports, the Accounts Commission's Overview Reports, Strategic Scrutiny Group – Scrutiny Responses to Covid 19 report, risk registers as well as relevant reports presented to both Council and IJB committees.

- 1.7 To capture potential areas of risk and uncertainty, including emerging risks, key stakeholders have been consulted. The stakeholder consultation exercise included detailed discussions with Directorate Leadership Teams, the BTS Management Team, the Risk Management Team Leader and other key stakeholders such as Audit Scotland, the Council's appointed external auditor. The Chair of the Standards and Audit Committee was also consulted as part of the planning process. In total, of the order of 85 key stakeholders were consulted as part of the 2022/23 planning process.
- 1.8 The proposed portfolio of work to be included within the 2022/23 Internal Audit Plan is summarised at Appendix A. The layout of the plan has grouped proposed reviews into key themes that are integral to the assurance gathering process across the Council's activities. For each of the reviews included within the plan there is a brief summary of the proposed coverage and inherent risk rating, currently informed by the Council's Strategic Risk Register. This methodology will evolve as the Council's risk management arrangements mature. It is anticipated that there will be internal controls in place to mitigate these risks, however, the level of controls and reliance that can be placed on them cannot be confirmed until the audit reviews have been undertaken. The proposed coverage has, in the main, been compiled on the basis of discussions and review of relevant background information gathered as part of the audit planning process. In line with standard working practices, a more detailed Terms of Reference, containing background information, scope and specific objectives will be compiled for each review and agreed with the client prior to commencement of the audit fieldwork.
- 1.9 The nature and scope of internal audit work continues to be diverse and wide-ranging, and therefore, a varied portfolio of professional skills and technical competencies is required to successfully deliver the plan. It is difficult to ensure the continued provision of all necessary skills in an in-house team. To address this during 2021/22, Audit Services procured technical IT resources from Glasgow City Council's Internal Audit Department, Audit Glasgow.
- 1.10 For the 2022/23 financial year, the total productive days available for audit work will be of the order of 2100 days. Approximately 90% of those productive days will be assigned to reviews that will commence during 2022/23 and the balance will be allocated across a number of other activities, including the provision of advice and guidance, undertaking formal follow-up reviews and finalising prior year work that is currently ongoing / nearing completion. It should be noted, however, that whilst the 2022/23 Internal Audit Plan, including the estimated resources, has been prepared utilising the best information currently available, it is possible that it will require to be amended during the financial year to reflect changing risks and priorities. As required under the PSIAS, any significant changes to the planned programme of work will be reported to the Standards and Audit Committee. The Chief Executive, Executive Director of Finance and Corporate Services and the Head of Finance will also be kept informed of developments regarding internal audit by the Service Manager, Audit and Risk Management Services through regular meetings.

2.0 2021/22 Internal Audit Plan - Review

2.0 The Covid-19 pandemic and corresponding unprecedented times continue and consequently, since its approval at Standards and Audit Committee on 3 June 2021, the 10-month 2021/22 Internal Audit Plan has been considered on a continuous basis by Audit Services in conjunction with Council directorates / services. The reasons for this have been two-fold, ensuring individual assignments were prioritised for delivery when convenient, whilst ultimately ensuring that the Council continues to utilise its internal audit resources in the most efficient and effective way. Discussions surrounding individual assignments within the Internal Audit Plan, along with associated risks, and whether or not they continue to be relevant have also taken place throughout the year and the proposed amendments, along with corresponding reasons, are detailed in the table below:

Audit	Outcome	Reason
Plan for Fife	Repurpose - amend to governance and delivery arrangements. New proposed scope in 22/23 Plan.	Alignment with risks.
Information Governance (Service Level)	Merge - with Plan for Fife audit.	Overlapping scope.
Corporate Improvement	Remove and replace with project management. New proposed scope in 22/23 Plan.	Alignment with risks.
Business Change	Merge - with Plan for Fife audit.	Overlapping scope.
VAT	Defer - consider for future Internal Audit Plan.	HMRC work completed recently.
Private and Residential Nursing Homes	Repurpose - clarify focus is financial assessments. New proposed scope in 22/23 Plan.	Alignment with risks.
IT Governance & Management	Defer - consider for future Internal Audit Plan.	Audit Scotland risk assessment.
Stocks	Repurpose - clarify focus is community equipment store. New proposed scope in 22/23 Plan.	Alignment with risks.
Scottish Welfare Fund	Expand scope - to incorporate SISG. New proposed scope in 22/23 Plan.	Alignment with risks.
Partnership Working	Repurpose - clarify focus is partnerships with other local authorities. New proposed scope in 22/23 Plan.	Alignment with risks.

3.0 2021/22 Internal Audit Plan - Progress Report

- 3.1 Standard 2060 of the PSIAS entitled Reporting to Senior Management and the Board states that *“the chief audit executive must report periodically to senior management and the board on...performance relative to its plan”* and that *“reporting and communication to senior management and the board must include information about the audit plan and progress against the plan”*. In addition, Standard 1110 of the PSIAS entitled Organisational Independence supports this requirement, stating that *“examples of functional reporting to the board involve the board receiving communications from the chief audit executive on the internal audit activity’s performance relative to its plan”*.
- 3.2 At a senior management level, this requirement is discharged by the Service Manager, Audit and Risk Management Services through established direct reporting channels to the Chief Executive, Executive Director of Finance and Corporate Services, Head of Finance (to whom the Service Manager, Audit and Risk Management Services reports administratively) and the Finance Management Team. This is the second report submitted to Standards and Audit Committee providing a progress update against individual assignments contained within the 2021/22 Internal Audit Plan. See Appendix B.

4.0 Conclusions

- 4.1 The 2022/23 Internal Audit Plan (Appendix A) has been compiled following a comprehensive internal audit planning exercise, including a stakeholder consultation exercise involving over 85 individuals and consideration of relevant background information.
- 4.2 The Audit Plan requires to be sufficiently flexible enough to enable it to respond to changes in the organisation’s risks and priorities when they present themselves and, consequently, will be kept under continuous review. Any significant changes to the planned programme of work will be reported back to the Standards and Audit Committee.
- 4.3 There have been some amendments proposed to the 10-month 2021/22 Internal Audit Plan and the specific reasons for those changes have been detailed in the report. Some of the outstanding audits continue to be relevant and have been carried forward accordingly into the 2022/23 Internal Audit Plan.
- 4.4 An update on the progress towards delivering the 2021/22 Internal Audit Plan has also been provided in the report (Appendix B).
- 4.5 Updates towards delivering the revised 2021/22 Internal Audit Plan will continue to be submitted to the Standards and Audit Committee until its completion, along with updates towards delivering the 2022/23 Internal Audit Plan.

List of Appendices

- A. 2022/23 Internal Audit Plan
- B. 2021/22 Internal Audit Plan - Progress Report
- C. High-level Audit Universe

Report Contact:

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2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Inherent Risk / Risk Code
Governance Reviews		
Plan for Fife*	Review of the governance arrangements in place to support delivery of the new Plan for Fife, including performance management and reporting arrangements.	High Various e.g. CN002 & 3, ECS002, EE002 & 3, FC020 & 26
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.	Medium FC007
Project Management	Review of the Council's project management arrangements to ensure the efficient and effective planning, initiation, delivery, monitoring and evaluation of the key capital and revenue projects.	High FCS001
Oversight of 'Trust' Companies (ALEOs)*	Service oversight of arm's length 'trust' companies, including contractual and governance arrangements, agreed objectives, and performance management and reporting mechanisms.	Medium FC007
Partnership Working*	High level review of the governance arrangements, including resource contribution policies, in place for partnerships with other local authorities to deliver a shared vision.	Medium FC007
Fraud Governance	To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these	High FC020
Future Workstyles	Review of the governance, monitoring and reporting arrangements in place to support the deployment of future workstyles and ensure consistency of approach e.g. blended and flexible working.	High HR005 & FCS001
Media Relations	Review of the arrangements in place within the Communications Service to manage and monitor media relations on behalf of the Council, including strategy, performance management and reporting.	Medium FC007 & 19
ICT Reviews		
Compliance with Information Security Policies*	Review of Services' compliance with information security policies.	Medium BTS004
Payment Strategy / Income Collection / PCI DSS*	<p>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> <ul style="list-style-type: none"> The scope of this review is the new cash receipting system, Adelante. 	Medium BTS004 & FC007

Liquidlogic	Review to assess the effectiveness of the deployment of the new children and adults case management system procured by the Council.	High FC026
2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / Risk Code
Systems Reviews		
Asset Management*	Service level needs assessment, recording, maintenance and utilisation of assets, including housing stock, property, vehicles, equipment and IT. <ul style="list-style-type: none"> The scope of this review is Education laptops. 	High EE001 & FCS001
Stock Control	Review of the working practices and procedures in place for stock control within Facilities Management, with a view to identifying potential efficiencies and other improvement opportunities.	High FCS001
Care in the Home*	Contracts with, and payments to, Care providers for clients' care in the home.	High FC026
Community Equipment Store*	Review of the arrangements in place at the community equipment store, against recognised good practice, to help support delivery of an efficient and effective community equipment service.	High FC026
Safeguarding	Review of the arrangements in place to ensure the protection of vulnerable groups during the Council's selection and appointments process in line with relevant national policy and guidance.	High FC026
Scottish Welfare Fund*	Review of the arrangements in place to manage the Scottish Welfare Fund Crisis Grants, Community Care Grants and Self-isolation Support Grants in line with Scottish Government guidance.	High CN002 & FCS001
Gas Safety	High level review of the adequacy of the systems in place within Housing to ensure that it can meet its statutory obligations in respect of gas safety checks.	High EE001
Homelessness	Review of the adequacy of the systems in place within Housing to ensure that it meets its statutory obligations in respect of homelessness and recording of associated outcomes.	High CN003
Pool Cars	Review of pool car usage within Enterprise and Environment from a reform and climate change perspective.	High EE001 & 3, FCS001
Impact Assessments	Review of the Council's Impact Assessment process and procedures, including staff guidance, in place for committee reports.	Medium FC007
Lone Working	Assessment and deployment of the working practices and procedures in place to help ensure a safe working environment for employees through the provision of lone working fobs.	High HR005

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / Risk Code
Systems Reviews (cont'd)		
Leavers Process	Review to assess the adequacy of the processes and procedures in place surrounding the notification and processing of leavers.	High BTS004 & FCS001
Transition Arrangements	Review of the arrangements in place to support efficient and effective transitioning of service users from children and families to adult services.	High FC026
Operator Licensing	Review of the arrangements in place within Environment and Building Services to ensure compliance with the legislative and regulatory goods vehicle operator licensing provisions.	Medium FC007
Works Orders	Review of the works orders process operating within Environment and Building Services for the commissioning of grounds maintenance services.	High FCS001
Vacant Properties	Review of the arrangements in place to ensure the effective ongoing protection of vacant Council buildings, including inspection regime and the identification / implementation of physical protections.	High EE001 & FCS001
Procurement / Contract Reviews		
Procurement Cards	Corporate review of the internal controls in place to manage and monitor the use of procurement cards, including the authorisation of card transactions.	High FCS001
Purchase Ordering	Review of the requisition, approval and ordering arrangements in place within Oracle for non-contract spend below £5,000.	High FCS001
Financial Reviews		
Teachers Payroll	Review of the control framework in place to ensure ongoing accuracy of the Teachers payroll, including arrangements for confirming active employees, rates of pay, variations and deductions.	High FCS001
Devolved School Management (DSM)	Review of the Council's DSM scheme against the Scottish Government and COSLA's DSM Guidelines and supplementary Common DSM Framework.	High ECS002 & FCS001
Arrangements for Cash Handling and Security (Education)*	Focus on cash handling and security.	High FCS001

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / Risk Code
Financial Reviews (cont'd)		
Council Tax	Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction.	High FCS001 & CN002
Capital Plan	To assess the monitoring and reporting arrangements in place at both a corporate and service level for the capital programme of works contained within the Capital Plan.	High FCS001 & EE001
Stocks and Inventories	Review of arrangements in place to ensure that procedures and processes are in line with Council guidance and records are complete and accurate.	High FCS001
Financial Assessments*	End-to-end review of the financial assessments process in place to calculate contribution levels for long term care residents.	High FCS001 & CN002
Tell Us Once	Review of the processes, procedures and effectiveness of the national Tell Us Once service as it is operating within Fife Council.	High FCS001 & FC020
Audits for External Organisations		
FSLT - Income Collection	Review at FSLT to check that all income collected via cash collection at establishments and by electronic means, e.g. through direct debits and web payments, is accounted for.	-
FSLT - Imprests and Cash	Review at FSLT of the arrangements in place to ensure the security of imprests and cash floats.	-
CIRECO – Data Protection	High level review of the arrangements in place to ensure its statutory duties surrounding Data Protection and GDPR are effectively discharged.	-

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / Risk Code
Contingency		
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control.	-
Follow-up Reviews	<p>Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented.</p> <ul style="list-style-type: none"> • Internal Audit Report No. 46 - Information Governance • Internal Audit Report No. 57 - Employability, Matrix Fife • Internal Audit Report No. 58 - Performance Management • Internal Audit Report No. 62 - Asset Management, Land and Buildings • Internal Audit Report No. 71 - Risk Management & Business Continuity • Internal Audit Report No. 75 - Common Good Fund Grants 	-
Prior Year Work	Finalisation of projects that are currently ongoing / nearing completion.	-
Post Audit Reviews (PARs)	Completion of the PAR exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.	-
PSIAS Self-assessment	To ensure conformance with the PSIAS, conduct a self-assessment of the Council's Internal Audit Service against the PSIAS utilising the revised external quality assessment framework.	-
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, deliver an external quality assessment of the internal audit service provided in another Scottish Local Authority.	-
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	-

* Reviews carried forward that will commence during 2022/23.

2021/22 Operational Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S & A Committee Date
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2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
<i>Governance Reviews</i>		
Plan for Fife	Review the Council's arrangements for compiling the Plan for Fife and achieving the outcomes agreed in it.	Repurpose & C'fwd to 22/23
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.	C'fwd to 22/23
Emergency Resilience	Review the compilation and maintenance of the Council's plans for saving lives and property in the event of a major incident.	19/04/22
Information Governance (Service Level)	Ensure Services are taking necessary action to apply the Data Protection and Freedom of Information (Scotland) Acts, Records Management and deal with information generally, including ICT Policies.	Merge
Complaints Procedure	That the Council's complaints procedures are being followed and are resolving customers' complaints, and that the information is used to improve services.	19/04/22
Corporate Improvement	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.	Remove
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.	Merge
<i>Members</i>		
Electoral Registration	To ensure that the Council's Electoral Register is accurate and complete.	19/04/22

2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
Main Systems		
Procure to Pay (P2P)	Controls over ordering, receipting and suppliers' payments through Oracle, including maintenance of the list of suppliers and cheque / BACS runs. <ul style="list-style-type: none"> The scope of this review is recurring payments. 	
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.	
Payroll and Expenses (Service Level – Children's Services)	Processing of payroll up to gross, including checking and authorisation of expenses.	
Subsidiary Systems		
Bank and Suspense Accounts Reconciliations	Reconciliation of the Council's main bank accounts and related suspense accounts, including the General Fund. <ul style="list-style-type: none"> The scope of this review is payroll reconciliations. 	
Asset Management	Service level needs assessment, recording, maintenance and utilisation of assets, including housing stock, property, vehicles, equipment and IT. <ul style="list-style-type: none"> The scope of this review is Education laptops. 	C'fwd
Staffing		
Human Resources	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. <ul style="list-style-type: none"> Education & Children's Services Enterprise & Environment 	07/10/21 16/12/21
Purchases		
Social Housing Agreements	To ensure that agreements with other social housing organisations in Fife are appropriate and operating effectively.	
Repairs and Maintenance	Maintenance of the Council's administration buildings and council houses.	

2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
VAT	VAT returns to Revenue and Customs. Correct treatment of VAT is covered under income and purchase audits.	Defer
Purchases		
Climate Change and 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.	
Private and Residential Nursing Homes (Financial Assessments)	Contracts with, and payments to, private homes.	Repurpose & C'fwd to 22/23
Care in the Home	Contracts with, and payments to, Care providers for clients' care in the home.	C'fwd to 22/23
Health and Social Care		
Direct Payment to Clients and Support for Carers	Management of direct payments to clients for care (Self Directed Support).	
Other Audits		
Oversight of 'Trust' Companies (ALEOs)	Service oversight of arm's length 'trust' companies, including contractual and governance arrangements, agreed objectives, and performance management and reporting mechanisms.	C'fwd to 22/23
Common Good and Trust Funds	Management and security of the common good fund for which the Council is responsible.	19/04/22
Social Media Investigation & Research	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.	19/04/22
Information Technology Audits		
IT Governance & Management	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.	Defer

2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
Management of IT Operations, Knowledge & Quality	<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 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> <ul style="list-style-type: none"> The scope of this review is Civica Cx. 	
Compliance with Information Security Policies	Review of Services' compliance with information security policies.	C'fwd to 22/23
Mini Audits		
Stocks (Materials, spares, consumables, equipment & adaptations for disabled and occupational therapy store etc.) - audit of processes	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.	Repurpose & C'fwd to 22/23
Arrangements for Cash Handling and Security (Education)	Focus on cash handling and security.	C'fwd to 22/23
Financial Check - Health and Social Care	IJB and Health & Social Care establishment(s) to undertake a financial check.	Advice & Guidance
Continuous Auditing / Grants		
Monthly stock checks	Monthly stock checks to be carried out.	
External Grants Received (including EU) process	To review the Council's processes for identifying, claiming and recording external grants including compliance with conditions.	
<p>Audit Certification* - Fitzgerald Trust, Grants, City Deals, INTERREG, Fife Education Trust Accounts, Clipper, Mutual Work - Clackmannanshire etc.</p> <p>* Note – there is not always a formal output.</p>	<p>Certifying accounts and grant claims as necessary, including:</p> <ul style="list-style-type: none"> LEADER in Fife Programme Bus Service Operators' Grant 	16/12/21 07/10/21

2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
<i>Post Audit Review and Follow Up</i>		
PAR Reviews	Issue and review of PAR action plans for all audits to check on implementation of agreed recommendations.	19/04/22
Follow-up(s)	Specific review undertaken by internal audit to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented. • Internal Audit Report No. 6 – BTS Change Management	07/10/21
<i>Planned Consultancy</i>		
Data Matching	Matching Council Tax and rent arrears and Council payrolls.	
<i>Non-Fife Council Internal Audits</i>		
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.	Expand scope & C'fwd to 22/23
Fife Sports and Leisure Trust	Income, Expenditure, Fees and charges, HR, Purchasing, Health and Safety, Treasury Management, Revenue Budget Setting and Monitoring. • Recruitment and Training • Payroll	
<i>Carry Forwards from 2020/21</i>		
Risk Management & Business Continuity (Housing)	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.	16/12/21
Management of Information (Adult Services)	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.	07/10/21
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.	Repurpose & C'fwd to 22/23
Non-Domestic Rates	Income from the Council's Non-Domestic Rates Tax base, including billing, collection and recovery.	07/10/21

2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
Payment Strategy / Income Collection / PCI DSS	<p>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> <ul style="list-style-type: none"> The scope of this review is the new cash receipting system, Adelante. 	C'fwd to 22/23
Asset Management	Corporate recording and utilisation of the Council's properties, including comparison with the Insurance Register.	07/10/21
Capital Expenditure	<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>	07/10/21
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.	16/12/21
Management of Contracts	<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> <ul style="list-style-type: none"> Street Lighting Installations 	19/04/22
Resource Transfers	Payments from the NHS for transfers of people into Council care. Including all transfers, not only those specifically called resource transfers.	16/12/21
Clients' Funds	Management and security of funds / assets held on behalf of clients, i.e. people in care and the assets of deceased persons.	19/04/22
Management of Portfolio, Programmes and Projects (COBIT 5 APO05, BAI01 & BAI05)	<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> <ul style="list-style-type: none"> BTS Management of Projects 	19/04/22
Management of Availability, Capacity & Continuity (COBIT 5 EDM04, BAI04 & DSS04)	<p>Review how BTS 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> <ul style="list-style-type: none"> The scope of this review is Disaster Recovery. 	

2021/22 OPERATIONAL AUDIT PLAN	Proposed Coverage	Status
Management of IT Security (COBIT APO13 & DSS05)	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 (including cyber).	16/12/21
Purchasing Cards	A review of purchasing cards in Education.	
COBIT 5 Capability Assessment	Provision of assurance on outcomes of BTS' COBIT 5 Capability Model Assessment.	

CORPORATE FRAUD REVIEWS COMPLETED	Status
Payments to Third Party Organisations	07/10/21
Replacement Bathroom & Shower Installations Framework Review	19/04/21

Fife Council

High Level Audit Universe

Chief Executive

Education & Children's Services

Children & Families and Criminal Justice

Early Years and Directorate Support

Primary Schools and Improvement Support

Secondary Schools and Specialist Support

Enterprise & Environment

Asset, Transportation & Environment

Business & Employability

Planning

Protective Services

Finance & Corporate Services

Assessor

Finance

Human Resources

Business Technology Services (BTS)

Legal & Democratic Services

Revenue & Commercial Services

Communities

Communities & Neighbourhoods

Customer & Online Services

Housing Services

Corporate Development

Communications & Customer Insight

Community Development

Fife Health & Social Care Partnership

Community Care Services

Complex & Critical Care Services

Primary & Preventative Care Services

Strategic Planning, Performance & Commissioning

19th April, 2022

Agenda Item No. 9

Data Protection Mandatory Training Update

Report by: Lindsay Thomson, Head of Legal and Democratic Services

Wards Affected: All.

Purpose

This brief report updates Committee on the progress made on mandatory training completion rates since the matter was last considered by Committee in October 2021.

Recommendation(s)

Committee is invited to note, comment on and challenge the content of the report.

Resource Implications

There are no direct resource implications arising from this report. The completion of mandatory training on data protection should take no longer than half an hour using the on-line module in Oracle. It can also be delivered through the “toolbox talk” approach and this should also take no longer than half an hour.

Legal & Risk Implications

The expectation from the Information Commissioner is that all staff complete mandatory training on data protection. This is not monitored in any formal way but should the Council be required to report a data breach report to the Commissioner the reporting template requires us to submit information about mandatory training.

The broader risk in non-completion of mandatory training is that officers are unaware of their statutory responsibilities in terms of data protection. This could result in data breaches and reputational and financial damage to the Council.

Impact Assessment

There is no impact assessment required for this update report. The Digital Skills and e-Learning team is currently reviewing the accessibility of mandatory training in general and this may result in some changes to the way it is delivered in future.

Consultation

There has been no formal consultation in relation to this update report.

1.0 Background

- 1.1 At its meeting on 7 October 2021, the Committee considered the Data Protection Annual Report. This report included the completion rates for mandatory data protection training. The table below shows the information reported to Committee at that date.

DP Training Undertaken in last 2 years (% of staff)

Directorate	Feb- 20	Sept-20	Mar-21	June-21	Aug-21
Finance and Corporate Services	73%	79%	71%	70%	70%
Education and Children Services	49%	56%	56%	43%	44%
Communities	39%	43%	49%	41%	42%
Enterprise & Environment	20%	49%	52%	23%	24%
Health & Social Care	29%	37%	42%	38%	39%
Total	42%	52%	54%	39%	40%

Link to report

<https://fifecloud.sharepoint.com/sites/IntCommittees/PublicCommitteePapers/Committees/2021/?id=/sites/IntCommittees/PublicCommitteePapers/Committees/2021/SAPublicAgendaPack2021-10-07.pdf&parent=/sites/IntCommittees/PublicCommitteePapers/Committees/2021>

- 1.2 Members will note that the corporate response rate set out in the report as at August 2021 was only 40%. The Council has a target of 95% completion. Following discussion at the Committee it was agreed that a follow up report on mandatory training completion would be brought back to this Committee. In discussion with the Convenor, it was agreed that the report would come to this cycle.
- 1.3 The annual report summarised the approach to mandatory training for Data Protection that the Council has adopted. The annual report also highlighted a number of areas of difficulty including the recording of toolbox talks, particularly in the Enterprise & Environment Directorate, and also an issue with Oracle reporting displaying only those who had completed training and not those who hadn't.

2.0 Issues and Options

- 2.1 Since the Committee considered the annual report last October there has been significant work carried out to address the reporting issues. The Oracle system is now able to provide a list of staff who have not completed the training and the report parameters have been set to exclude those with a termination date and include only those staff who work full or part time. Staff on zero hours and Councillors have been excluded from the report.
- 2.2 The matter of mandatory training has also been scrutinised by CET. The Organisational Development team is currently preparing a further paper on the Council's approach to mandatory learning more broadly and it is likely that there will be changes to the governance and oversight of mandatory learning internally.
- 2.3 For this particular module of training, the internal Information Governance Board, chaired by the Director of Finance and Corporate Services has reviewed closely the completion rates of mandatory training at each of its meetings since the matter was considered by

the Committee. This internal scrutiny of performance will continue until the rates have improved to an acceptable level.

2.4 The current levels of completion are:-

Data protection completion 4 April 2022	number of completions	number of staff	% completion
Communities	821	1482	55.40%
Education and Children's Services	5569	8444	66%
Enterprise and Environment	1630	4382	37.20%
Finance and Corporate Services	977	1209	80.80%
Health and Social Care Partnership	1712	2453	69.80%
	10709	17970	59.60%

2.5 The table shows that there is almost a 20% point improvement in the overall completion rate (40% to 59.6%) and improvements across all directorates, which is encouraging. It is recognised that all areas are still short of the 95% target, some of them by a considerable margin. It is accepted that there will always be a percentage of staff who will not have completed their training at any given point in time due to sickness absence, longer leave such as maternity leave or technical or access challenges.

Next steps

2.6 There has been a positive improvement in the completion rate figures but there is still work to do in terms of the target that has been set. It may be that a review of that target, against who needs to complete this training will be required and how the Council supports the completion of the training. This may particularly be the case for the Enterprise and Environment Directorate. As indicated above the digital and e-learning team is supporting work on the governance and oversight of corporate mandatory learning and it is anticipated that this will suggest some changes.

2.7 The Information Commissioner has also set out an Accountability Framework which has a specific section on training and awareness. The Framework sets out the Information Commissioner's expectations in this area. It suggests ways those expectations can be met and mechanisms for measuring how effective accountability measures are. It is proposed that this Framework be used to inform the next corporate mandatory training section in the annual report on data protection which will be presented to the successor Committee in the autumn.

3.0 Conclusions

- 3.1 There has been a marked improvement in the performance of all directorates in the completion rates of mandatory data protection training, however this is still short of the target of 95%. A number of next steps have been identified and there will be a further opportunity for the successor Committee to review progress in the Annual Report on Data Protection in the autumn of 2022.

List of Appendices

1. Accountability Framework – Information Commissioner’s Office

Background Papers

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

- Data Protection Annual Report 2021 – Standards & Audit Committee 7 October 2021

Report Contact

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Standards and Audit Committee of 30th June, 2022			
Title	Service(s)	Contact(s)	Comments
Annual Audit Report		Pamela Redpath	
Corporate Governance Statement 2021/22		Pamela Redpath	
Fife Council Unaudited Accounts		Elaine Muir	
Charitable Trusts Unaudited Annual Accounts		Elaine Muir	

Unallocated			
Title	Service(s)	Contact(s)	Comments
Financial Overview Report		Elaine Muir	May be used as training material, post LG Elections in May 22.
Local Government in Scotland: Challenges and Performance		Niki Ross	report from Audit Scotland, expected June 2022.
Safeguarding & Self- Assessment Action Plan, including Committee Self- Assessment 2021-22	Finance and Corporate Services	Pamela Redpath	Expected June 2022.
Update Report on the Outcome of the RISPA Inspection		Lindsay Thomson	See minute from 16.12.21 for detail, update report on the outcome of RISPA Inspection carried out in early 2022. Report expected June 2022.