

Standards, Audit and Risk Committee

Committee Room 2, 5th Floor, Fife House, North Street,
Glenrothes, KY7 5LT/ Blended meeting.



Thursday, 25 May, 2023 - 10.00 a.m.

AGENDA

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1. APOLOGIES FOR ABSENCE	
2. DECLARATIONS OF INTEREST – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.	
3. MINUTE - Minute of the Standards, Audit and Risk Committee meeting of 2nd March, 2023.	3 – 5
4. EXTERNAL QUALITY ASSESSMENT (EQA) OF FIFE COUNCIL'S AUDIT SERVICES – Report by the Service Manager, Audit and Risk Management Services.	6 – 24
5. 2022/23 ISSUED AUDIT REPORTS – Report by the Service Manager, Audit and Risk Management Services.	25 – 35
6. POST AUDIT REVIEW (PAR) REPORT – Report by the Service Manager, Audit and Risk Management Services.	36 – 54
7. 2023/24 INTERNAL AUDIT PLAN – Report by the Service Manager, Audit and Risk Management Services.	55 – 74
8. STANDARDS, AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME	75 – 76

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 House
North Street
Glenrothes
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18 May, 2023

If/

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BLENDED MEETING NOTICE

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

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

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

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

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

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

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

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

Committee Room 2, Fife House, Glenrothes.

2nd March, 2023

10.00 a.m. – 11.00 a.m.

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

ATTENDING: Eileen Rowand, Executive Director Finance and Corporate Services; Elaine Muir, Head of Finance; Les Robertson, Head of Revenue and Commercial Services; Pamela Redpath, Service Manager - Audit and Risk Management Services; Laura Robertson, Finance Operations Manager, Michael O’Gorman, Service Manager, Estates; Sheila Smith, Lead Officer - Security and Compliance, BTS Solutions and Service Assurance - Security; Lindsay Thomson, Head of Legal and Democratic Services, Helena Couperwhite, Manager - Committee Services and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

ALSO ATTENDING: Nick Bennett, Regional Managing Partner - Edinburgh and Karen Jones, Director of Audit and Assurance, Azets.

APOLOGIES FOR ABSENCE: Councillors Lesley Backhouse, John Beare, Graeme Downie and Sarah Neal.

28. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 7.1.

29. MINUTE

The Committee considered the minute of the meeting of the Standards, Audit and Risk Committee of 28th November, 2022.

Decision

The Committee:-

- (1) agreed to approve the minute; and
- (2) noted, arising from the minute – (2022 SA 8 - Para No. 22 – Fife Council and Charitable Trusts – Annual Report and Audited Accounts 2022-23) – that a Working Group consisting of cross party elected members, had been formed to assist in reviewing the Council's Governance documents such as Standing Orders, Committee Powers etc, which would be submitted to a future meeting of Fife Council for approval.

30. AZETS - ANNUAL AUDIT PLAN FIFE COUNCIL

The Committee considered a report by the Head of Finance providing the Azets External Annual Audit Plan for Fife Council for the financial year 2022/23, setting out the risks highlighted, planned work , audit scope and timing.

Decision

The Committee:-

- (1) welcomed members of the Azets Audit Management Team to the meeting of the Standards, Audit and Risk Committee, as the newly appointed external Auditors for Fife Council, and
- (2) noted the Azets External Annual Audit plan for Fife Council for the financial year 2022/23.

31. FINANCIAL BULLETIN 2021-22 - FIFE'S POSITION

The Committee considered a report by the Head of Finance providing an update on Fife's Position in respect of the Local Government in Scotland Financial Bulletin 2021-22 published by the Accounts Commission in January 2023.

Decision

The Committee noted the progress Fife Council had made in respect of the key messages contained within the report.

32. 2022/23 ISSUED AUDIT REPORTS

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing summary findings from the Internal Audit Reports finalised since the previous meeting of the Standards, Audit and Risk Committee. The report highlighted any areas of concern and if applicable, instances where Services were not taking appropriate action.

Decision

The Committee:-

- (1) noted the contents of the report and the summary of findings detailed at Appendix 1 to the report; and
- (2) expressed appreciation of Communities – Customer Services in relation to their management of the Scottish Welfare Fund (SWF) Crisis Grants, Community Care Grants and Self-isolation Support Grants in line with Scottish Government guidance: there were no areas for improvement identified in Audit Report number 5 (05/22).

33./

33. INTERNAL AUDIT PLAN PROGRESS REPORT

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing an update on the progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans.

Decision

The Committee noted:-

- (1) the update on progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans at Appendix B and Appendix A to the report, respectively; and
- (2) the movement in status for each assignment, detailed in the appendices, since these were last presented to Committee on 31st October 2022.

34. FIFE INTEGRATION JOINT BOARD (IJB) 2022/23 ANNUAL INTERNAL AUDIT PLAN

The Committee considered a report by the Service Manager, Audit and Risk Management Services presenting Fife Integration Joint Board's (IJB) 2022/23 Annual Internal Audit Plan.

Decision

The Committee noted the contents of the Fife Integration Joint Board's (IJB) 2022/23 Annual Internal Audit Plan at Appendix 1 to the report.

35. STANDARDS, AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME

The Committee considered the Standards, Audit and Risk Committee Forward Work Programme.

Decision

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

25 May, 2023

Agenda Item No. 4

External Quality Assessment (EQA) of Fife Council's Audit Services

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

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee, a report by Aberdeenshire Council's Chief Internal Auditor on the EQA of Fife Council's Audit Services.

Recommendation(s)

Members are asked to note the content of the EQA report at Appendix A.

Resource Implications

None.

Legal & Risk Implications

There is a risk that the Council's Internal Audit Service may not conform with the Public Sector Internal Audit Standards (PSIAS) as required by relevant legislation.

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

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

1.0 Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS), which came into effect from 1 April 2013, revised from 1 April 2017, apply to all internal audit service providers within the public sector and set out the requirements in respect of professional standards for these services.
- 1.2 Professional Standard 1300, Quality Assurance and Improvement Programme (QA&IP) states that “the chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity”. In the context of Fife Council, the “chief audit executive” is the Service Manager, Audit and Risk Management Services. To conform with the PSIAS, the QA&IP must enable evaluation of Audit Services’ conformance with the standards in the PSIAS (including the Definition of Internal Auditing and Code of Ethics), include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and help identify opportunities for improvement.

2.0 Peer Review Process

- 2.1 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors’ Group (SLACIAG) established a collaborative system of formal peer reviews. The peer review process not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally.
- 2.2 The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process.
- 2.3 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma.
- 2.4 Fife Council’s Audit Services has just received its second EQA, under the above arrangement, delivered by Aberdeenshire Council’s Chief Internal Auditor. The findings from that exercise are contained in the report at Appendix A, along with the overall conclusion and one recommendation.

3.0 Conclusions

- 3.1 The overall conclusion from the EQA is that Fife Council’s Internal Audit Service fully conforms with the PSIAS. One area for improvement surrounding the formal assessment of staff skills and competencies relating to Attribute Standard 1200 – Proficiency and Due Professional Care has been agreed with the Service Manager, Audit and Risk Management. The Action Plan can be found on page 16 of the EQA report at Appendix A.

List/

List of Appendices

A. EQA report

Report Contact:

Pamela Redpath

Service Manager, Audit and Risk Management Services

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EXTERNAL QUALITY ASSESSMENT 2 OF FIFE COUNCIL'S INTERNAL AUDIT SERVICE

Report Recipients:

Steve Grimmond, Chief Executive
Eileen Rowand, Executive Director, Finance and Corporate Services
Elaine Muir, Head of Finance
Pamela Redpath, Service Manager, Audit and Risk Management
Councillor Dave Dempsey, Chair of the Standards, Audit and Risk
Committee

EXECUTIVE SUMMARY

1. INTRODUCTION

- 1.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published initially in April 2013 and updated most recently in March 2017, apply to all internal audit service providers in the UK public sector, whether in-house, provided via a shared service arrangement or outsourced. To supplement the PSIAS and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019.
- 1.2 The objectives of the PSIAS are to define the nature of internal auditing within the UK public sector; set a basic principle for carrying out internal audit; establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; establish the basis for the evaluation of internal audit performance and drive improvement planning.
- 1.3 The PSIAS require the Chief Audit Executive (the Service Manager, Audit and Risk Management in Fife Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's (Internal Audit Service in Fife Council) conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 1.4 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. This approach not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally. The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process. Aberdeenshire Council was selected to carry out the external assessment in Fife Council.
- 1.5 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma. The external assessment of Fife Council's Internal Audit Service has been carried out by Aberdeenshire Council's Internal Audit Service utilising this framework.
- 1.6 This report provides a high level summary of requirements for each standard per the PSIAS and CIPFA Local Government Application Note and sets out the findings, conclusions and recommendations from the external assessment, which involved discussions with key members of staff, including the Chief Audit Executive, review of the most recent self-assessment carried out utilising the EQA Checklist and consideration of other relevant supporting documentation / information (Evidence Pack) including working paper files and completed stakeholder questionnaires. A comprehensive list of supporting documentation / information and completed stakeholder questionnaires considered as part of the assessment can be found at appendices B and C respectively.

2. OVERALL CONCLUSION

2.1 The overall conclusion of the external assessment is that Fife Council's Internal Audit Service **fully conforms** with the PSIAS. However, it should be noted that 1200 Proficiency and Due Professional Care, has been assessed as generally conforms and steps should be taken to address the associated area for improvement. Recognising the overall level of conformance, this is a minor point in the wider context of the assessment and it has been noted that work is already planned by the Service Manager to address this. A full summary of assessment, per assessment area, can be found at Appendix A. A summary of totals is as follows:

	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
TOTALS	13	1	-	-

2.2 Fife Council's Internal Audit Service is on a continuous improvement journey, which has involved a refresh of the approach overall. This is being driven by the appointment of a new Service Manager, who has been in post since November 2021. The refresh has looked to improve the Internal Audit Service and work has already been completed or underway across a series of different workstreams, including but not limited to:

- The Internal Audit Plan and involvement of stakeholders in its development.
- Communication of audit findings and issue of final reports.
- The strategic focus of Internal Audit.
- The staffing model within the Service.

2.3 This work will build upon the baseline already operating within Fife Council's Internal Audit Service.

2.4 A significant amount of this review involved the engagement of stakeholders (including elected members, senior officers and staff in the Internal Audit Service) and the majority spoke positively about Internal Audit. Consistent themes included:

- The professionalism and dedication of Internal Audit staff.
- The importance of Internal Audit in the wider Council context.
- The strategic and measured approach now taken by Internal Audit.
- The alignment of the current audit plan with the Council's processes.

2.5 These conclusions were also supported by the review of documentation provided to support the assessment overall.

2.6 Although the majority of current practices fully conform with the PSIAS, a couple of areas for further improvement were identified during the EQA process surrounding the approach to audit recommendations follow up and further development and delivery of the Internal Audit Plan. These are outwith the actual assessment, would be considered best practice and were already under consideration by the Service Manager. As such, no actions have been raised in this report regarding them.

2.7 Full details of the assessment recommendation and management response can be found in the Action Plan at Appendix D.

3. SECTION A – MISSION OF INTERNAL AUDIT AND CORE PRINCIPLES

The PSIAS state that the Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation, which is ‘to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’.

Taken as a whole, the Core Principles for the Professional Practice of Internal Auditing, as set out in the PSIAS, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Core Principles should be present and operating effectively. Failure to achieve any of the Core Principles would imply that an internal audit activity was not as effective as it could be in achieving the Mission of Internal Audit.

- 3.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used, along with specific consideration surrounding the achievement of the Core Principles, to conclude that the Internal Audit Service at Fife Council **fully conforms** with accomplishing the Mission of Internal Audit as detailed above.

4. SECTION B – DEFINITION OF INTERNAL AUDITING

The PSIAS state that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- 4.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used to conclude that the Internal Audit Service at Fife Council **fully conforms** with the definition of Internal Auditing as detailed above. The main reason for this assessment is based on evidence obtained through review of documentation and responses to stakeholder questionnaires.

5. SECTION C – CODE OF ETHICS

The PSIAS state that the purpose of the Institute of Internal Auditor’s Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

- 5.1 Evidence obtained from assessing conformance with other standards in the PSIAS, in particular the Attribute Standards 1000 – Purpose Authority and Responsibility, 1100 – Independence and Objectivity, 1200 – Proficiency and Due Professional Care and Professional Standards 2000 – Managing the Internal Audit Activity and 2300 – Performing the Engagement, has been used to conclude that Fife Council’s Internal Audit Service **fully conforms** with the requirement to comply with the Code of Ethics.

6. SECTION D – ATTRIBUTE STANDARDS

Attribute Standards apply to organisations and individual internal auditors providing the internal audit services in a local authority.

6.1 1000 - Purpose, Authority, and Responsibility

The PSIAS state that the purpose, authority, and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the internal audit charter

and present it to senior management and the board for approval. The internal audit charter must also:

- define the terms 'board' and 'senior management' for the purposes of internal audit activity.*
- cover the arrangements for appropriate resourcing.*
- define the role of internal audit in any fraud-related work.*
- describe safeguards to limit impairments of independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.*

6.1.1 Fife Council's Internal Audit Charter is periodically reviewed with the most recent review taking place in 2018. The Internal Audit Charter was approved by the former Standards and Audit Committee on 16 June 2018. The Audit Charter is in the process of being updated and is formally scheduled to be submitted to the Standards, Audit and Risk Committee in May 2023.

6.1.2 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 1000 on Purpose, Authority and Responsibility.

6.2 1100 - Independence and Objectivity

The internal audit activity must be independent and internal auditors must be objective in performing their work. Various aspects of independence and objectivity are covered in this standard as well as 1200, including reporting functional lines of the CAE, the relationship between the CAE and the board and any impairment to individual internal auditors' objectivity or independence. Reporting and management arrangements must be put in place that preserve the CAE's independence and objectivity, in particular with regard to the principle that the CAE must be independent of the audited activities.

6.2.1 The Service Manager reports functionally to the Standards, Audit and Risk Committee and administratively to the Head of Finance, who is a member of the Council's Leadership Team, along with the Service Manager themselves. The Service Manager has direct and unrestricted access to the Chief Executive and the Chair of the Standards, Audit and Risk Committee and this has been confirmed through the completed Stakeholder Questionnaires and review of meetings. These reporting / access arrangements are clearly defined in the Internal Audit Charter as are safeguards to limit impairment of independence or objectivity.

6.2.2 In support of organisational independence, the Service Manager attends Standards, Audit and Risk Committee meetings to present all internal audit reports (including, for example, the Internal Audit Charter, Annual Report, Internal Audit Plan, and individual reports to Elected Members). The reports are all submitted in the Service Manager's name.

6.2.3 The Service Manager has operational responsibility for the Corporate Fraud Team, Risk Management, and Insurance and this is communicated to stakeholders via the Operational Framework of the Council.

6.2.4 All staff within the Internal Audit Service are required to complete a conflicts of interests form on an annual basis.

6.2.5 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 1100 on Independence and Objectivity.

6.3 1200 - Proficiency and Due Professional Care

The CAE must be professionally qualified, suitably experienced, and responsible, in accordance with the organisation's human resources processes, for recruiting appropriate staff. He or she is responsible for ensuring that up-to-date job descriptions exist, reflecting roles and responsibilities, and that person specifications define the required qualifications, competencies, skills, experience, and personal attributes.

The CAE should periodically assess individual auditors' skills and competencies against those set out in the relevant job descriptions and person specifications. Any training or development needs identified should be included in an appropriate ongoing development programme that is recorded and regularly reviewed and monitored. In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This may be fulfilled through requirements set by professional bodies or through the organisation's own appraisal and development programme. Auditors should maintain a record of such professional training and development activities.

The internal audit activity should be appropriately resourced to meet its objectives. It should have appropriate numbers of staff in terms of grades, qualifications, personal attributes, and experience or have access to appropriate resources in order to meet its objectives and to comply with these standards. The PSIAS states that the CAE must obtain competent advice and assistance if the activity is unable to perform all or part of an engagement.

- 6.3.1 The Service Manager holds a relevant professional qualification and is suitably experienced, with several years internal audit experience within the Scottish Public Sector environment, specifically local authorities. The Service Manager is a member of SLACIAG and its Management Committee, and regularly attends and contributes to meetings. In relation to the two SLACIAG Sub-groups, the Computer Audit Sub-Group (CASG) and the Scottish Local Authorities Investigators Group (SLAIG), Fife Council's Internal Audit Service is represented on both.
- 6.3.2 To support the Service Manager in Fife Council's Internal Audit Service there are a mix of auditors and audit technicians, and an Audit Team Manager, with 14 staff in total across the whole Team, including a full time Corporate Fraud Officer. IT support is also procured from another local authority as and when needed to support delivery of the Audit Plan.
- 6.3.3 Since the Service Manager commenced employment in November 21, there have been no formal assessments of continuous professional development needs carried out. However, there have been a number of training and development opportunities that staff have benefitted from since the Service Manager took up post (e.g. e-learning, power BI training, attendance at SLACIAG presentations, technical reading, BGF Newsletters etc.). The Audit Team Manager has also organised Personal Development Plan meetings to be held in March 2023 with all professionally qualified auditors, with the rest of the team to follow. In addition, it is the responsibility of each individual member of staff to maintain training records and keep their employee development up to date in line with their requirements of their professional bodies as required. All professionally qualified auditors carry out an annual self-certification. Fife Council is recognised as an Accredited Employer for ACCA and CIPFA. **Recommendation 1 in Action Plan.**
- 6.3.4 The Internal Audit Service is also represented on a number of corporate groups, with the Service Manager having a standing invite as required. It was confirmed that Internal Audit take on no operational responsibility as part of any group membership, with the exception of the Risk Management Strategy Group that the Service Manager is heavily involved in through their responsibility for Risk Management across the Council
- 6.3.5 The Service Manager should implement their plans for CPD within the Internal Audit Service. This should look to ensure that there are annual assessments of the team's CPD needs against predetermined skills and competencies.

6.3.5 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **generally conforms** with standard 1200 on Proficiency and Due Professional Care.

6.4 1300 - Quality Assurance and Improvement Programme

The PSIAS state that the Chief Audit Executive must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity.

The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The public sector requirement in the PSIAS states that results of the QAIP and progress against any improvement plans must be reported in the annual report.

6.4.1 Internal audit reports are reviewed by the Service Manager prior to issue and working papers are, in general, reviewed by auditors, the Audit Team Manager and the Service Manager where required. Where the assignment is carried out by the Audit Team Manager, the Service Manager will review the working paper file.

6.4.2 Client feedback is pursued by the Internal Audit Service for assignments carried out within Fife Council, however a lack of response was noted for the sample of audits reviewed.

6.4.3 A formal self-assessment of conformance with the PSIAS was carried out in the lead up to this external review and provided to support the completion of the work. Evidence has shown discussion on performance and conformance with the Chief Executive and the Standards, Audit and Risk Committee.

6.4.4 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 1300 on Quality Assurance and Improvement Programme.

7. SECTION E – PERFORMANCE STANDARDS

Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.

7.1 2000 - Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when it achieves the purpose and responsibility included in the internal audit charter, it conforms with the PSIAS, its individual members conform with the Code of Ethics and the PSIAS and it considers trends and emerging issues that could impact the organisation. The internal audit activity adds value to the organisation and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.

7.1.1 An annual Internal Audit Plan is compiled by the Service Manager outlining the planned programme of work to be undertaken. The formation of the plan considers the Council's

audit universe, risks, and factors in the views of key stakeholders (such as senior officers and elected members) who are consulted with prior to the plan's formation.

7.1.2 The plan is formally agreed each year by the Standards, Audit and Risk Committee.

7.1.3 Progress towards completion of the plan is monitored by the Service Manager and reported to the Standards, Audit and Risk Committee; the last such update being in March 2023.

7.1.4 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 2000 on Managing the Internal Audit Activity.

7.2 2100 - Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

More specifically, the internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes, evaluate the effectiveness, and contribute to the improvement of risk management processes and assist the organisation in maintaining effective controls by evaluating their efficiency and effectiveness and promoting continuous improvement.

7.2.2 The work of Internal Audit, specifically through the Audit Plan and other work led by the Service Manager provides sufficient coverage of governance, risk management and control processes.

7.2.3 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 2100 on Nature of Work.

7.3 2200 - Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.

The CIPFA Local Government Application note states that for each engagement, a brief should be prepared, discussed, and agreed with relevant managers. The brief should establish the objectives, scope and timing for the assignment and its resource and reporting requirements. Audit work should be undertaken using a risk-based audit approach.

7.3.1 Audit Briefs/Terms of Reference are utilised to set out the main objectives of each audit. These are agreed in advance with the process owners and evidence on file shows the opportunity for their input being given prior to the commencement of fieldwork. The engagement objectives are then adequately reflected in the Audit Programme and associated working papers.

7.3.2 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 2200 on Engagement Planning.

7.4 2300 - Performing the Engagement

Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence needs to be gathered to achieve the engagement objectives and support an independent and objective audit opinion. Systems should be in place to

ensure that auditors obtain and record, within the working papers, sufficient evidence to support their conclusions, professional judgements, and recommendations. Working papers should always be sufficiently complete and detailed to enable an experienced internal auditor with no previous connection with the audit to ascertain what work was performed, re-perform it if necessary and support the conclusions reached. The CAE should also specify how long all audit documentation should be retained, whether held on paper or electronically. All audit work should be subject to an appropriate internal quality review process.

Internal auditors must be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest when performing their individual audits. They must also have sufficient knowledge to identify indicators that fraud or corruption may have been committed.

- 7.4.1 The Internal Audit Manual sets out the procedures in relation to undertaking a planned audit, including the necessary steps at each stage of the review.
- 7.4.2 Working papers are held electronically and follow a standard working paper proforma, with the ability for the auditor/audit technician to tailor to the specific review being carried out.
- 7.4.4 A review of a sample of audits across the year showed review of working papers and the draft/final report by auditors, the Audit Team Manager, and the Service Manager.
- 7.4.5 All audit files have been allocated a retention period in SharePoint based on the Council's retention schedule which is based on SCARRS. Each library has a retention policy attached to it.
- 7.4.6 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 2300 on Performing the Engagement.

7.5 2400 - Communicating Results

The basic aims of every internal audit report should be to:

- give an opinion on the risk and controls of the area under review, building up to the annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*
- prompt management to implement the agreed actions for change leading to improvement in the control environment and performance.*
- provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales.*

Each report should include the scope and purpose of the audit to help the reader to understand the extent, or limitations, of the assurance(s) provided by the report. During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the closure stage. Before issuing the final report, the internal auditor should normally discuss the contents with the appropriate levels of management to confirm the factual accuracy, to seek comments and to confirm the agreed management actions. A draft report is useful for this purpose. Recommendations should be prioritised according to risk. The recommendations and the resultant management action plans should be agreed prior to the issue of the final report. Any areas of disagreement between the internal auditor and management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those weaknesses giving rise to significant risks that are not agreed should be brought to the attention of a more senior level of management and the board.

As set out in the PSIAS, the CAE must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. This

must include the annual internal audit opinion concluding on the overall adequacy and effectiveness of the organisation's governance, risk and control framework, a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and a statement of conformance with the PSIAS and the results of the internal audit QAIP.

- 7.5.1 Draft audit reports are reviewed by the Audit Team Manager and the Service Manager. Review of audit reports confirmed that the results of audit engagements are communicated appropriately, including disclosure of all material facts.
- 7.5.2 The report finalisation process includes the issue of draft reports to relevant officers within the service for agreement of factual accuracy and overall sign off. The final report includes a formal overview of good practice points, areas for improvement and an overall audit opinion. This is then supported by the body of the report with the detailed findings of the review. The report also includes reference to the agreed scope and explains the grading of any risks as per the Internal Audit methodology.
- 7.5.3 Review of the Annual Audit Opinion and Service Manager's report shows formal mapping from individual audit assignments to the overall opinion given.
- 7.5.4 Fife Council's Internal Audit Service **fully conforms** with Standard 2400 on Communicating Results.

7.6 2500 - Monitoring Progress

The PSIAS place responsibility for monitoring progress with the CAE to ensure that management actions have been effectively implemented or, if not, that senior management have accepted the risk of not taking action. The CAE must, therefore, implement a follow-up process for ensuring the effective implementation of audit results or ensuring senior management are aware of the consequences of not implementing an action point and are prepared to accept the risk of such consequences occurring. The results of this process should be communicated to the board. The CAE should develop escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed. These procedures should ensure that the risks of not taking action have been understood and accepted at a sufficiently senior management level. The effective involvement of the board in the follow-up process is critical to ensuring that it works. The CAE should consider revising the internal audit opinion in light of findings from the follow-up process. The findings of follow-up reviews should inform the planning of future audit work.

- 7.6.1 The Service Manager leads a two-step process to monitoring progress, which includes Post Audit Review work and also detailed follow up.
- 7.6.2 The Post Audit Review process utilises the Pentana System to track the outstanding agreed management actions and their completion. Internal Audit do not review the response received and management assurance is taken with regards to their progress and completion.
- 7.6.3 However, during the year a risk-based selection of previous audits are formally followed up. This is where Internal Audit will review the progress of management towards completion of agreed actions. This is part of the Annual Plan.
- 7.6.4 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** with Standard 2500 on Monitoring Progress.

7.7 2600 - Communicating the Acceptance of Risks


















When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, they must discuss the matter with senior






management. If the chief audit executive determines that the matter has not been resolved, they must communicate the matter to the board. It is not the responsibility of the chief audit executive to resolve the risk.

- 7.7.1 Where a recommendation is made in a report to mitigate a risk and it is not agreed with management, this would be highlighted in the reporting to the Standards, Audit and Risk Committee. Discussions with the Service Manager highlighted no recent instances of this being the case.
- 7.7.2 The Chief Executive, S95 Officer and Convener of the Standards, Audit and Risk Committee are kept informed on the process of Internal Audit through regular discussions with the Service Manager and detailed reporting to the Standards, Audit and Risk Committee.
- 7.7.3 The full scope of audit activities are also included within the Service Manager's Annual Report.
- 7.7.4 Having considered the findings above, it has been concluded that the Internal Audit Service at Fife Council **fully conforms** to the Standard on Communicating the Acceptance of Risk.

Jamie Dale
Chief Internal Auditor
Aberdeenshire Council
17 March 2023

APPENDIX A – SUMMARY OF ASSESSMENT

REF	PAGE No.	ASSESSMENT AREA	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A	4	Mission of Internal Audit and Core Principles		-	-	-
Section B	4	Definition of Internal Auditing		-	-	-
Section C	4	Code of Ethics		-	-	-
Section D	4	ATTRIBUTE STANDARDS				
1000	4	Purpose, Authority and Responsibility		-	-	-
1100	5	Independence and Objectivity		-	-	-
1200	6	Proficiency and Due Professional Care	-		-	-
1300	7	Quality Assurance and Improvement Programme		-	-	-
Section E	7	PERFORMANCE STANDARDS				
2000	7	Managing the internal Audit Activity		-	-	-
2100	8	Nature of Work		-	-	-
2200	8	Engagement Planning		-	-	-
2300	8	Performing the Engagement		-	-	-
2400	9	Communicating Results		-	-	-
2500	10	Monitoring Progress		-	-	-

REF	PAGE No.	ASSESSMENT AREA	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
2600	10	Communicating the Acceptance of Risks		-	-	-
TOTALS			13	1	-	-

APPENDIX B – EVIDENCE PACK

An evidence pack was provided by Fife Council's Internal Audit Service, specifically covering:

- Section A Evidence
- Section B Evidence
- Section C Evidence
- Section D 1000 Evidence
- Section D 1100 Evidence
- Section D 1200 Evidence
- Section D 1300 Evidence
- Section E 2000 Evidence
- Section E 2100 Evidence
- Section E 2200 Evidence
- Section E 2300 Evidence
- Section E 2400 Evidence
- Section E 2500 Evidence
- Section E 2600 Evidence
- 1273 Payroll & Expenses (Service Level – Children's Service) Audit File
- 1338 Social Media Investigation & Research Audit File
- 1340 Compliance with Security Policies Audit File
- 1347 Job Scottish Welfare Fund Audit File

APPENDIX C – STAKEHOLDER QUESTIONNAIRES

Stakeholder questionnaires were completed by the following key members of staff and elected members¹:

- Convener – Standards, Audit and Risk Committee
- Vice Convener – Standards, Audit and Risk Committee
- Chief Executive
- Executive Director Finance and Corporate Services
- Executive Director for Education & Children’s Services
- Executive Director for Enterprise and Environment
- Executive Director for Communities
- Head of Finance
- Head of Legal and Democratic Services

¹ Questionnaires were sent to all members of the Council’s Leadership Team but no response was received from the Director of H&SCP.

APPENDIX D – ACTION PLAN

No.	Para	Recommendation	Grading	Management Response	Responsible Officer / Agreed Completion Date
1	6.3.3	<p>1200 Proficiency and Due Professional Care – Since the Service Manager commenced employment in November 21, there have been no formal assessments of continuous professional development needs carried out. However, there have been a number of training and development opportunities that staff have benefitted from since the Service Manager took up post (e.g. e-learning, power BI training, attendance at SLACIAG presentations, technical reading, BGF Newsletters etc.). The Audit Team Manager has also organised Personal Development Plan meetings to be held in March 2023 with all professionally qualified auditors, with the rest of the team to follow. In addition, it is the responsibility of each individual member of staff to maintain training records and keep their employee development up to date in line with their requirements of their professional bodies as required.</p> <p>The Service Manager should implement their plans for CPD within the Internal Audit Service. This should look to ensure that there are annual assessments of the team’s CPD needs against predetermined skills and competencies.</p>	Routine	<p>In line with formal plans already initiated, annual formal assessments of the team’s skills and competencies will be carried out utilising the Council’s Personal Development Plan methodology, supplemented with the use of a recognised skills and competencies framework for the internal audit profession.</p> <p>Development needs and opportunities will continue to be discussed during 1-2-1s / team meetings throughout the year.</p>	<p>Service Manager – Audit & Risk / Audit Team Manager</p> <p>31 October 2023</p>

	Critical
	Significant
	Routine

25 May, 2023

Agenda Item No. 5

2022/23 Issued Audit Reports

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

Wards Affected: All

Purpose

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

Recommendation(s)

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

Resource Implications

None.

Legal & Risk Implications

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

Impact Assessment

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

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

- 1.1 Audit Services provides an assurance function that gives the Council an independent and objective opinion on the control environment by evaluating its effectiveness in achieving its objectives. 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, Audit and Risk Committee to form an opinion on the effectiveness of the internal control environment, to provide assurance where internal controls are working well and to highlight areas for concern, the Service Manager – Audit and Risk Management Services, prepares a report which provides a summary of the audit reports issued by Audit Services.
- 2.2 The reports issued in the current period cover a number of Services and areas. A short outline of each report is contained in Appendix 1.
- 2.3 Following each completed internal audit / fraud risk report, Services are asked to complete a Post Audit Review (PAR) exercise. This indicates:
 - the Service's progress in implementing agreed actions;
 - reasons for non-implementation; and
 - explanations for redundant recommendations.
- 2.4 The results of all PAR exercises are reported to Standards, Audit and Risk Committee.

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:

Carolyn Ward

Audit Team Manager, Audit and Risk Management Services

Email – Carolyn.Ward@fife.gov.uk

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>1. Education and Children’s Services - Education Teachers’ Payroll (Report 06/22)</p>	<p>This audit reviews the effectiveness of the control framework in place within Education to ensure the ongoing accuracy of the Teachers’ Payroll.</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> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • Review of the service specific procedures is not carried out regularly or recorded and dated. • The status of leavers is not always recorded in Oracle Cloud before the termination date resulting in a high percentage of overpayments. From a sample of 30 checked the leaver status for 8 staff was set after the leaving date. • Position records, specifically workplace base, required to substantiate excess mileage payments are not always recorded promptly in Oracle Cloud. <p>Satisfactory actions have been agreed for the 3 audit recommendations (2 Substantial, 1 Moderate) in the report to be implemented by 31 May 2023.</p>
<p>2. Communities - Housing Services Gas Safety Checks (Report 07/22)</p>	<p>This audit assesses whether Housing Services has appropriate controls for ensuring it meets its statutory obligations in respect of gas safety checks required by the Gas Safety (Installation and Use) Regulations 1998.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 5 • Overall Risk High <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • Not all documented procedures are up to date, appropriately detailed and / or regularly reviewed.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • Housing Services has recorded two gas failures in 2022/23. These relate to two new tenancies where the gas safety check has not been completed, as required, before the tenancy start date. • Of the two gas failures, one property was recorded incorrectly in CX as having a capped gas supply for more than 13 months; yet no action was taken. • Nineteen of the 20 new installation records checked were incomplete and/or the data was inaccurate in CX, e.g., serial number field, and the remaining new build installation had yet to be input to CX more than seven weeks after handover and receipt of the gas safety certificate. • Of the 20 new installations checked, one new build installation was updated in Comis four months after handover and receipt of the gas safety certificate. For another, the next gas service date was input incorrectly, i.e., 25.03.23 instead of 25.02.23. • Gas safety check and new installation details manually input to CX and Comis are not verified / independently checked. • There is no evidence retained confirming tenants have received or been issued with a copy of the new installation / gas safety check certificate. • For one of five safety defects checked, the repair is still outstanding more than six months after it was identified as it is not being properly monitored or promptly escalated. • Source performance data is not checked to ensure it is consistent, complete and accurate. • Manual performance reports are not always accurate or timely. • One of the five improvement actions outlined in Housing Services' Annual Assurance Statement 2021 has yet to be completed. This relates to responsibilities for inputting new Council properties into Genero (now CX). <p>Satisfactory actions have been agreed for the 10 audit recommendations (10 Substantial) in the report to be implemented by 31 March 2024.</p>
<p>3. Communities - Communities and Corporate Development Oversight of Arm's Length External Organisations (Report 08/22)</p>	<p>This audit reviews how well Communities oversees its Arm's Length External Organisations (ALEOs), including contractual and governance arrangements, agreed objectives, performance management and reporting mechanisms, and ensures compliance with:</p> <ul style="list-style-type: none"> • the Code of guidance on funding external bodies and following the public pound, which was published jointly by the Accounts Commission and the Convention of Scottish Local Authorities in 1996; • Arm's length external organisations (ALEOs): are you getting it right? By Audit Scotland 2011;

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • Councils' use of arms-length organisations, Audit Scotland 2018; and • Office of the Scottish Charity Regulator's (OSCR), Arm's Length External Organisations 2015. <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 3 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p> <ul style="list-style-type: none"> • The Services Agreements and SLAs compiled for each of the ALEOs at the outset have not been reviewed and updated for many years. • Fife Golf Trust (FGT) has no skills matrix or similar documentation for appointing representatives to its board to ensure they have the appropriate skills, background and experience or an appropriate training and development schedule to enable them to fulfil their role. • FGT does not have an up-to-date risk register. • Neither FGT nor Fife Sport and Leisure Trust include risk as a standing item on board meeting agendas. <p>Satisfactory actions have been agreed for the 6 audit recommendations (6 Substantial) in the report to be implemented by 31 March 2025.</p>
<p>4. Communities - Communities and Corporate Development Follow Up to Report 75, Common Good Fund Grants (Report 09/22)</p>	<p>The 2022/23 Internal Audit Plan contains an allocation of days for Audit Services to carry out formal follow-up reviews for a planned portfolio of audit reports. This allocation is used to assess, through the consideration of evidence, the extent to which recommendations previously agreed with management have been implemented.</p> <p>This audit is a follow-up review of Report 75, Common Good Fund Grants which was issued on 21 December 2021.</p> <p>The Audit Opinion in the original internal audit report concluded that, the system of controls scored a Grade 3 and the materiality of the area audited scored a Grade 4, making the overall risk Medium. A number of areas for improvement were identified and 13 recommendations, which Communities and Neighbourhoods agreed to implement by 31 March 2022, were made to address them.</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<p>A summary of progress made towards implementation of the 13 recommendations previously agreed with management is as follows:</p> <ul style="list-style-type: none"> • Two recommendations (1 and 5) have been fully implemented; • Five recommendations (2, 4, 7, 12 and 13) are partly implemented; • Six recommendations (3, 6, 8, 9, 10 and 11) are not implemented. <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>Further action is required as follows:</p> <ul style="list-style-type: none"> • Further training should be provided for staff involved in the Common Good Funds administration to cover changes resulting from reviews and to ensure consistency across area teams. Training should be evidenced and records updated and retained. • The review of the List of Officer Powers should be completed as soon as possible. • The review of the grant application form should be completed and the form made available to any potential applicants. • A detailed financial evaluation should be carried out on all grant applications before the decision is made whether to award. • The training provided to all staff involved in the Common Good Funds administration should include all the issues raised in this report, especially the conditions that need to be met before awarding and paying out grants. • Where delegated decisions are taken, these should be formally communicated to local elected members and Community Councils within a reasonable timescale. • Evidence of all other funding should be obtained before grants are awarded. • Staff in area teams should contact Finance and Corporate Services for evidence that payment details are correct prior to payment authorisation. • The process for monitoring grants should be reviewed and provide evidence on whether the expected benefits have been achieved. • A consistent approach should be developed and implemented for committee reporting of all issues relating to Common Good funds, including adding Common Good as a standing agenda item on the Area Committee Work Programmes.

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> The review of the format of the Common Good Annual Report should be completed and the new format utilised / applied consistently. <p>Satisfactory actions have been agreed for the 11 outstanding audit recommendations (6 Substantial and 5 Moderate) in the report to be implemented by 31 December 2023.</p>
<p>5. Communities - Customer and Online Services Council Tax Reduction (Report 10/22)</p>	<p>This audit reviews the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction (CTR).</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> Level of Assurance Grade 1 System Materiality Grade 5 Overall Risk Low <p><u>Findings:</u></p> <p>There were no areas for improvement in this audit report and no audit recommendations.</p>
<p>6. Communities - Business and Employability Follow Up to Report 57, Matrix Fife (Report 11/22)</p>	<p>The 2022/23 Internal Audit Plan contains an allocation of days for Audit Services to carry out formal follow-up reviews for a planned portfolio of audit reports. This allocation is used to assess, through the consideration of evidence, the extent to which recommendations previously agreed with management have been implemented. This audit is a follow-up review of Report 57, Matrix Fife which was issued on 27 April 2021.</p> <p>The Audit Opinion in the original internal audit report concluded that the system of controls under review scored a Grade 2 and the materiality of the area audited scored a Grade 3, accordingly the overall risk was assessed as low. A number of areas for improvement were identified and eight recommendations, which Matrix Fife agreed to implement by 31 May 2021, were made to address them.</p> <p>A summary of progress towards implementation of the eight recommendations previously agreed with management is as follows:</p> <ul style="list-style-type: none"> Six recommendations (1,2,4,5,7 and 8) have been fully implemented; Two recommendations (3 and 6) are partly implemented. <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> Level of Assurance Grade 2 System Materiality Grade 3

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> Overall Risk Low <p><u>Findings:</u> Further action is required as follows:</p> <ul style="list-style-type: none"> Business Continuity Reviews should be completed annually and evidence of this retained. Evidence of approval of prices and charges for both public and contract work should be retained. <p>Satisfactory actions have been agreed for the 2 outstanding audit recommendations (1 Substantial and 1 Moderate) in the report to be implemented by 31 July 2023.</p>
<p>7. Finance and Corporate Services - Finance Capital Plan (Report 12/22)</p>	<p>This audit assessed 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.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> Level of Assurance Grade 1 System Materiality Grade 5 Overall Risk Low <p><u>Findings:</u> The following areas for improvement were identified:</p> <ul style="list-style-type: none"> A visual representation of all steps involved in the key capital plan processes is not currently available. <p>A satisfactory action has been agreed for the 1 audit recommendation (1 Moderate) in the report to be implemented by 31 March 2024.</p>
<p>8. Finance and Corporate Services Follow Up to Report 46, Information Governance (Report 13/22)</p>	<p>The 2022/23 Internal Audit Plan contains an allocation of days for Audit Services to carry out formal follow-up reviews for a planned portfolio of audit reports. This allocation is used to assess, through the consideration of evidence, the extent to which recommendations previously agreed with management have been implemented. This audit is a follow-up review of Report 46, Information Governance which was issued on 16 November 2020.</p> <p>The Audit Opinion in the original internal audit report concluded that the system of controls under review scored a Grade 3 and the materiality of the area audited scored a Grade 4, accordingly the overall risk was assessed as Medium. A number of areas for improvement were identified</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<p>and nine recommendations, which Finance and Corporate Services agreed to implement by 31 March 2022, were made to address them.</p> <p>A summary of progress towards implementation of the nine recommendations previously agreed with management is as follows:</p> <ul style="list-style-type: none"> • Three recommendations (1, 2 and 7) have been fully implemented; • Three recommendations (3, 8 and 9) are partly implemented; • Three recommendations (4, 5 and 6) are not implemented. <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>Further action is required as follows:</p> <ul style="list-style-type: none"> • The review of the Information Asset Register (IAR) should be concluded and the updated IAR published on the intranet. The second review of non-critical activities should be carried out and the IAR updated to reflect this. • Retention Schedules for all Teams within the Directorate should be maintained and evidence of when they were reviewed and approved should be retained. • Destruction Registers should be used to record the destruction of paper files in all Teams in the Directorate. • Items of enduring value should be recorded on retention schedules. • Whilst the requirement to be Public Records Scotland Act (PRSA) compliant is now in contracts, discussions are taking place surrounding how best to explain related implications to suppliers within the contract. These discussions should be concluded, and the contract narrative updated accordingly. • The E-learning training module should be fully completed, with the question section added, then published on Oracle for all staff to use. <p>Satisfactory actions have been agreed for the 6 outstanding audit recommendations (4 Substantial and 2 Moderate) in the report to be implemented by 31 December 2023.</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>9. Finance and Corporate Services; Education and Children’s Services; and Health and Social Care Partnership</p> <p>Safeguarding (Report 14/22)</p>	<p>This audit reviewed the arrangements in place within Finance & Corporate Services, Education & Children’s Services and Health & Social Care Partnership (HSCP) to ensure the protection of vulnerable groups and the proper registration of employees for their roles during the Council’s recruitment and selection process in line with relevant national policy and guidance.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 3 • System Materiality Grade 5 • Overall Risk High <p><u>Findings:</u></p> <p>The Protecting Vulnerable Groups (PVG) certification and the General Teaching Council for Scotland (GTCS) registration processes were reviewed as part of the audit fieldwork and no areas for improvement were found. The following areas for improvement relating to the Scottish Social Services Council (SSSC) registration process were identified:</p> <ul style="list-style-type: none"> • Although Role Profiles for relevant posts within Education & Children’s Services and HSCP communicate the requirement to be registered with SSSC, they do not all state that this should be within six months of starting in the post. • Employees working in a primary school setting are not required by the SSSC to be registered, however, Education & Children’s Services took the decision that they should be registered when commencing employment to assist with resource planning across primary and early years settings. Although it is acknowledged that this requirement is communicated via some role profiles, it has not been formally documented within Council procedures / guidance. • Although staff within Education & Children’s Services and HSCP who are not SSSC registered within the first six months of appointment are identified by the Transactions Team, this does not happen until after the six-month deadline has been reached. • Managers do not always take appropriate action when notified of staff who have not gained SSSC registration within six months of taking up post, resulting in some staff within Education & Children’ Services and HSCP working in recognised roles with vulnerable groups when they should not be. • From the sample of 40 staff members selected for testing, 13 (32.5%) were working in recognised roles with vulnerable groups without SSSC registration when this was a statutory or Council requirement. Of those 13:

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> ➤ 11 were employed by Education & Children’s Services and two were employed by HSCP. ➤ Three breached Fife Council’s requirement to be registered with SSSC and those were employed by Education & Children’s Services. The remaining ten breached SSSC’s legal responsibility; two employed by HSCP and eight employed by Education & Children’s Services. Of those eight, two are still working in recognised roles with vulnerable groups without registration. The length of time worked without registration ranged from four days to 52 weeks, three days. <p>Satisfactory actions have been agreed for the 5 audit recommendations (1 Critical, 3 Substantial and 1 Moderate) in the report to be implemented by 30 June 2023.</p>

25 May, 2023
Agenda Item No. 6

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, Audit and Risk Committee an update on progress towards implementing internal audit recommendations previously agreed with 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

Where internal audit recommendations are not implemented timeously, the Council can be exposed to unnecessary risks, including, in some instances, risks surrounding legislative / regulatory compliance.

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, Audit and Risk Committee annually contains a portfolio of 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, Audit and Risk 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 for 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 Audit Services 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 March 2023 have been included in this exercise. The last PAR report, which was submitted to the former Standards and Audit Committee on 19 April 2022 had a cut-off date of 31 January 2022.

2.0 Assessment

- 2.1 Attached at Appendix A is a schedule summarising the work undertaken. The schedule provides information surrounding the report number and issue date; original and, where appropriate, revised recommendation due date; and priority levels for each recommendation. In addition, where a recommendation has not been fully implemented, a management update on the current status of implementation has been provided.
- 2.2 A total of 121 recommendations from 44 internal audit reports were subject to a PAR as part of the 2022/23 Internal Audit Plan. Of the 121 recommendations, contained in Appendix A, 87 (72%) have been fully implemented, 14 (12%) have been partly implemented and 20 (16%) 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, Audit and Risk Committee as and when appropriate.
- 2.4 Recommendations contained within the Original Audit Reports detailed in the table below have been excluded from this exercise, because they have recently been, or are in the process of being, formally followed up.

Original Audit Report	Status of Follow-up
Finance & Corporate Information Governance Report No.46, issued 16/11/20	Follow-up Final Internal Audit Report No. 13/22, issued 04/05/23
Finance & Corporate IT Performance Management Report No.58, issued 05/05/21	Fieldwork
Property Services Asset Management Land & Buildings Report No.62, issued 16/06/21	Fieldwork
Communities Risk Management & Business Continuity Report No.71, issued 21/10/21	Follow-up Final Internal Audit Report No. 15/22, issued 18/05/23
Economy, Planning & Employability Services Employability - Matrix Fife Report No.57, issued 27/04/21	Follow-up Final Internal Audit Report No.11/22, issued 27/04/23
Communities & Neighbourhoods – Community Investment Common Good Fund Grants Report No.75, issued 21/12/21	Follow-up Final Internal Audit Report No. 09/22, issued 13/04/23

3.0 Conclusions

- 3.1 The PAR process has introduced a structured approach to obtaining management assurances surrounding action taken by services in respect of recommendations previously made.
- 3.2 Delays in the implementation of some recommendations have occurred due to the residual effect 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

- Appendix A – Summary of Progress on the Implementation of Internal Audit Recommendations with an original implementation date up to and including 31 March 2023.

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 MARCH 2023)							
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	100%	
Communities Repairs & Maintenance – Council Houses Follow Up 30/09/16	460	21	2	31/12/17	31/03/24	0%	This recommendation relates to the possibility of automating alerts for asbestos inspections on the new housing management system, CX. The Council has an up-to-date asbestos register that is supported and maintained by BTS and will eventually be migrated into CX. An asbestos module is now in place, although it is not yet populated. The migration will take place once CX has been moved onto the Cloud. BTS has given a 12 month timescale for this move, hence the extension.
Finance & Corporate Insurance 21/02/17	475	1	2	30/09/17	30/09/23	75%	This recommendation relates to the compilation of operational procedures, which due to other priorities have not progressed further. An action plan has been prepared, however, for updating the procedures.
Finance & Corporate SEEMiS 18/04/18	516	2	3	31/01/19	31/01/24	0%	This recommendation relates to a Risk Assessment being carried out before entering into any future SEEMiS (Scottish [Government] Education – Education Management Information System) agreement. This will be completed as part of implementation once the new version of

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							SEEMiS is received, expected later in 2023.
		4	2	31/01/19	31/01/24	0%	This relates to roles and responsibilities being adequately defined and documented in future SEEMiS operational guides. This will be completed as part of implementation once the new version of SEEMiS is received, expected later in 2023.
		5	3	31/01/19	31/01/24	0%	This recommendation relates to both Primary and Secondary schools ensuring that the standard set up is followed as per the document procedures. This will be completed as part of implementation once the new version of SEEMiS is received, expected later in 2023.
		15	3	31/01/19	31/01/24	0%	This relates to SEEMiS being set up to alert the user when a duplicate name or date of birth is used, as it does with the Scottish Candidate Number. This will be completed as part of implementation once the new version of SEEMiS is received, expected later in 2023.
Finance & Corporate Human Resources – Corporate 13/06/18	518	3	2	31/03/20	30/06/23	100%	

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Finance & Corporate Payroll Lottery 05/10/18	535	10	3	31/03/19	31/07/23	80%	This recommendation relates to all Payroll Lottery documentation not being held centrally. The remaining outstanding issues on how to hold Payroll Lottery / Fife Charities Trust documentation centrally have been agreed and will be formally resolved by 31 July 2023.
Finance & Corporate Purchase Placements 06/11/18	539	10	2	30/06/19	30/06/23	0%	This recommendation relates to the awarding of a contract for secure transport. This is currently on hold pending expected feedback on the Child Care & Justice Bill consultation in June 2023, where it has been proposed that Secure Care Transport is incorporated into national funding with provision by Secure Units themselves, which would potentially remove the need for councils to provide transport.
Communities Fees and Charges 04/03/19	547	5	2	31/10/19	31/12/22	100%	
		6	2	31/10/19	31/12/22	100%	
		7	3	31/10/19	31/12/22	100%	
		14	3	31/10/19	31/12/22	100%	
Education and Children's Services Risk Management	14	2	2	31/07/20	31/07/23	70%	This recommendation relates to producing an action plan to drive improvements in risk management maturity within the Directorate.

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and Business Continuity 03/10/19							The action plan that was produced is now being progressed. Risk registers are in place at both Primary and Secondary School level. Directorate risks are currently under review in line with the Directorate Improvement Planning Cycle for 2023-26.
Communities Housing Allocations 15/10/19	CF5	3	2	31/03/20	30/04/22	100%	
		4	2	31/03/20	30/04/22	100%	
		5	2	31/12/20	30/04/22	100%	
		6	2	31/12/20	30/04/22	100%	
Environment and Enterprise Compliance with Information Security Policies 20/11/19	18	11	3	31/12/19	31/03/22	100%	
Communities Business Change – SharePoint 13/12/19	25	1	2	30/04/20	31/03/22	100%	
Finance & Corporate Network Security 14/01/20	28	2	2	31/01/20	30/06/22	100%	
		5	2	30/06/20	31/08/22	100%	

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Education and Children's Services Management of Information 05/03/20	31	2	2	31/03/20	31/12/23	0%	This recommendation relates to updating the Information Asset Register (IAR). A corporate review of all IAR registers is now underway, focussing on data relating to business-critical activities. The review is due to be completed by 31 December 2023 with an updated IAR published on the intranet at this time.
Communities Council Tax Discounts and Exemptions 19/03/20	35	1	2	30/06/20	31/08/23	50%	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. A tender document is in the process of being finalised and will be published. This includes an option for reviewing discounts and exemptions. The contract start date is due to start on 01/08/23. Therefore the completion date for implementation has been extended to 31/08/23.
Finance & Corporate Claim for European Parliamentary Election Fees and Charges 01/12/20	47	1	3	30/06/20	30/06/23	0%	This recommendation relates to compiling documented procedures to cover the claim process for recovering monies from Scottish Government for elections. This is in progress and should be complete by end of June 2023.
Finance & Corporate	53	7	3	31/03/21	30/06/23	80%	This recommendation relates to the Card Payment Security Policy not being issued.

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Management of Information 27/01/21							A draft policy has now been created and expected to be finalised and issued by the end of June 2023.
Finance & Corporate Concessionary Taxi Booking Follow-Up 18/05/21	60	5	2	30/06/21	30/06/22	100%	
Health & Social Care Concessionary Taxi Booking Follow-Up 18/05/21	60	2	2	30/06/21	31/07/23	30%	This recommendation relates to where the cheapest provider has not been used, the reason should be recorded on the taxi booking form. Liquid Logic is in the process of being implemented and the Service will explore if this system will provide an appropriate mechanism for recording.
		3	2	30/06/21	31/07/23	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. Liquid Logic is in the process of being implemented and the Service will explore if this system will provide an appropriate mechanism for recording.
		10	3	30/06/21	31/07/23	30%	This recommendation relates to the time and date of any cancelled bookings being

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							recorded on the booking form and taxi spreadsheet by business support to ensure cancelled bookings have not been charged for. Liquid Logic is in the process of being implemented and the Service will explore if this system will provide an appropriate mechanism for recording.
		11	2	30/06/21	31/07/23	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. The taxi contract is being reviewed and will be renewed this year. When the new contract is place the operational contract monitoring arrangements will be reviewed.
Customer & Online Services Non Domestic Rates 09/08/21	65	1	3	28/02/22	N/A	100%	
		2	3	28/02/22	N/A	100%	
Finance & Corporate Cybersecurity 12/10/21	69	1	3	31/12/22	30/06/23	0%	This recommendation relates to all cybersecurity Policies and Procedures being reviewed annually and migrated to oracle cloud. Resource challenges in the team have caused slippage. This action is now being addressed as part of the Information Security

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							Management Report number 04/22, issued 02/02/23.
Assets, Transportation & Environment Management of Contracts – Street Lighting Installation 06/01/22	76	1	3	31/03/22	N/A	100%	
Communications & Engagement – Customer & Online Services Social Media Investigation & Research 18/01/22	77	1	2	31/07/22	N/A	100%	
		2	2	30/04/22	N/A	100%	
		3	3	30/04/22	N/A	100%	
		4	2	31/10/22	N/A	100%	
Legal & Democratic Services – Electoral Service Electoral Registration 21/01/22	79	2	2	31/08/22	30/06/23	0%	This recommendation relates to the Engagement Strategy being reviewed and updated if necessary. Resource should then be put in place to deliver the activities in the Strategy. This is in progress and expected to be complete by end of June 2023.
Community Care Services	80	1	3	30/04/22	31/08/23	0%	This recommendation relates to documented procedures being reviewed, version-controlled and issued to all relevant staff.

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Clients Funds 07/02/22							This action has not progressed as the Policy and Procedures group responsible for this has not met in over a year. A new Lead Social Work Professional has been appointed who will be picking this up in the next couple of months.
		2	3	28/02/22	N/A	100%	
Communities Emergency Resilience 11/03/22	81	1	2	30/04/22	N/A	100%	
		2	2	30/04/22	31/07/23	50%	This recommendation relates to the resilience training exercise tracker being kept up to date. The review of this tracker is currently under way as part of a wider training programme.
		4	2	30/04/22	31/12/23	50%	This recommendation relates to increasing Elected Members' involvement in the Emergency Resilience process through an appropriate Committee. Awareness sessions are being held with Members during 2023 with a full implementation date of 31 December 2023.
Housing Service & BTS Civica CX Management of Knowledge 23/03/22	82	1	2	09/05/22	N/A	100%	
		2	3	30/04/22	N/A	100%	
		3	2	30/04/22	N/A	100%	
		4	3	30/04/22	N/A	100%	

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BTS IT Disaster Recovery 29/04/22	83	1	2	31/10/22	30/06/23	0%	A review is underway linking the Emergency Resilience Incident Management Plan more tightly with the Major Incident process. This will be reviewed as part of a wider emergency resilience tabletop exercise around Cyber resilience. Completion is scheduled for June 2023.
		2	2	31/12/22	N/A	100%	
		3	3	31/08/22	N/A	100%	
		4	3	31/05/22	N/A	100%	
Communities - Housing Social Housing Agreements 23/05/22	84	1	2	Implemented	N/A	100%	
Health & Social Care Partnership Direct Payments 23/05/22	85	1	3	30/09/22	N/A	100%	
		2	3	30/09/22	N/A	100%	
		3	3	30/09/22	N/A	100%	
		4	3	30/09/22	N/A	100%	
Communities & Neighbourhoods and BTS COBIT 5 Assessment Review Process 30/05/22	86	1	2	30/09/22	28/07/23	0%	This recommendation relates to all compiled evidence being comprehensive and robust in order to provide assurance that outcomes have been achieved and to verify the level of COBIT maturity reached. The COBIT assessment function is in the process of moving back into BTS from Communities. An extension was given to

SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (ORIGINAL / REVISED IMPLEMENTATION DATE UP TO AND INCLUDING 31 MARCH 2023)							
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							allow for the new arrangements to be put in place.
		2	3	30/09/22	28/07/23	0%	This recommendation relates to reminding staff that all relevant communication relating to the COBIT 5 assessments should be retained and saved alongside the appropriate COBIT Assessment. Due to the COBIT assessment function moving back into BTS from Communities, an extension was given to allow for the new arrangements to be put in place.
		3	2	30/09/22	28/07/23	0%	This recommendation relates to adhering to agreed timescales for all stages recorded on the timetable. Due to the COBIT assessment function moving back into BTS from Communities, this has been extended to allow for the new arrangements to be put in place.
		4	3	Implemented	N/A	100%	
		5	3	31/10/22	29/09/23	0%	This recommendation relates to more members of staff being involved in the assessment process. Due to the COBIT assessment function moving back into BTS from Communities, this has been extended to allow for the new arrangements to be put in place and an additional staff member in BTS to be trained and involved in the assessment process.

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Revenue & Commercial Services – Shared Service Centre Payroll – Central Processing 20/06/22	87	1	3	30/09/22	30/06/23	0%	This relates to revising existing procedures that cover the entire payroll process. This will be addressed following the implementation of Responsive Unit Interface (RUI) expected by June 2023.
		2	2	31/08/22	N/A	100%	
		3	2	30/06/22	N/A	100%	
		4	2	30/06/22	N/A	100%	
		5	2	31/08/22	N/A	100%	
Enterprise & Environment – Planning Climate Change 10/10/22	88	1	2	14/03/23	30/06/23	0%	This recommendation relates to carrying out the overdue Risk and Vulnerability Assessment (R&VA). A more detailed approach to the R&VA has been agreed following advice from Adaptation Scotland (the national organisation that advises the Council on climate adaptation). The R&VA will be undertaken in partnership with Adaptation Scotland in June 2023 to ensure the approach meets national standards.
		2	2	30/11/22	N/A	100%	
		3	2	14/03/23	30/06/23	0%	This recommendation relates to the proper costing of climate change actions. The associated costs are being identified as part of the current Capital Plan review process.

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Education & Children's Services Payroll Processing 10/10/22	89	1	2	31/12/22	31/12/23	50%	This relates to the Service ensuring that all managers demonstrate that their establishment in Oracle Cloud has recently been confirmed as accurate. The Service does monitor establishment against budget but is awaiting the new Corporate process before making further improvements.
		2	2	31/10/22	N/A	100%	
Environment & Building Services Replacement Bathroom & Shower Installations Framework Review 21/03/22	CF18	1	3	01/04/22	N/A	100%	
		2	2	01/04/22	N/A	100%	
		3	2	01/04/22	N/A	100%	
Communities Scottish Welfare Fund – Crisis Grant Investigation 07/06/22	CF19	1	2	30/09/22	N/A	100%	
		2	2	30/09/22	N/A	100%	
		3	3	30/06/22	N/A	100%	
		4	2	30/06/22	N/A	100%	
		5	2	31/07/22	N/A	100%	
Finance & Corporate – Revenue & Commercial Services – Share Service Centre	90	1	2	31/03/23	N/A	100%	
		2	2	31/03/23	N/A	100%	
		3	3	31/03/23	30/06/23	0%	This recommendation relates to training records for staff dealing with payroll reconciliations being brought up to date and

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Bank & Suspense Account Reconciliations – Payroll 06/02/23							maintained. Individual training plans will be completed and recorded following the completion of year end payroll processes.
		4	2	31/03/23	N/A	100%	
		5	2	31/03/23	N/A	100%	
Finance & Corporate Services – Accounts Payable Procure 2 Pay – Recurring Payments 07/02/23	91	1	3	Implemented	N/A	100%	
		2	2	Implemented	N/A	100%	
Education Purchasing Cards 07/02/23	92	1	2	28/02/23	N/A	100%	
		2	3	31/03/23	N/A	100%	
		4	3	28/02/23	N/A	100%	
		5	2	28/02/23	N/A	100%	
		7	2	28/02/23	N/A	100%	
		8	2	28/02/23	N/A	100%	
		9	3	28/02/23	N/A	100%	
		10	3	28/02/23	N/A	100%	
		11	3	28/02/23	N/A	100%	
Enterprise &	01/22	1	2	31/03/23	N/A	100%	

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Environment – Property Services Vacant Non- Housing Properties 21/12/22		2	2	31/03/23	N/A	100%	
		3	2	31/03/23	31/10/23	50%	This relates to Property Services reminding client services of the requirement for formal recording of recommendations and decisions taken to vacate properties and to seek a copy of that record. A revised Accommodation Change Request form (ACR) has been produced and a series of meetings will be held with Managers on asset responsibilities.
		4	2	31/03/23	N/A	100%	
		5	2	31/03/23	N/A	100%	
		6	2	31/03/23	N/A	100%	
		7	2	31/03/23	N/A	100%	
		8	2	31/03/23	N/A	100%	
		9	2	31/03/23	31/10/23	50%	This relates to contractual arrangements for inspection and protection of vacant properties containing detailed specifications and that they should be formally concluded. A new security service tender has still to be concluded.
Communities – Customer & Online Services –	02/22	1	3	31/03/23	N/A	100%	
		2	3	31/03/23	N/A	100%	

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Customer Services Team Tell Us Once 23/12/22		3	3	31/01/23	N/A	100%	
		4	3	31/01/23	N/A	100%	
		5	3	31/01/23	N/A	100%	
Education & Childrens Services, Finance & Corporate Services and BTS Asset Management – Digital Devices 23/12/22	03/22	1	3	31/12/22	N/A	100%	
		2	2	31/12/22	N/A	100%	
		3	2	31/03/23	N/A	100%	
		4	3	31/12/22	N/A	100%	
		5	3	31/12/22	N/A	100%	
		6	3	31/03/23	N/A	100%	
Finance & Corporate Services and BTS Information Security Management 02/02/23	04/22	3	3	Implemented	N/A	100%	
		4	3	Implemented	N/A	100%	
Communities – Housing Service Gas Safety Checks 15/03/23	07/22	10	2	Implemented	N/A	100%	

25 May, 2023

Agenda Item No. 7

2023/24 Internal Audit Plan

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

Wards Affected: All

Purpose

To submit to the Standards, Audit and Risk Committee the Internal Audit Plan for the 2023/24 financial year, the outcome from the review of the 2022/23 Internal Audit Plan and an update on progress made towards delivering planned assignments.

Recommendation(s)

Standards, Audit and Risk Committee is asked to:

1. Review and approve the 2023/24 Internal Audit Plan as detailed at Appendix A.
2. Review and approve the amendments made to the 2022/23 Internal Audit Plan.
3. Note the update on progress made towards delivering the 2022/23 Internal Audit Plan, and last assignment from 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, considering results from previous years' audit reviews.

Audit Services is required to cover sufficient areas of the Council's activities / risks to allow the Service Manager, Audit and Risk Management Services to provide an overall annual opinion on the adequacy and effectiveness 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, Audit and Risk Committee have been consulted on the content of this report.

1.0 2023/24 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, including the risk maturity of the organisation and existing risk registers are taken into consideration. The Service Manager, Audit and Risk Management Services also carries out a supplementary stakeholder consultation exercise, whereby input from key officers and Elected Members is considered. In line with last year, to demonstrate that that 2023/24 Internal Audit Plan is risk based, individual assignments have been cross-referenced to risks within the Council’s Strategic Risk Register, 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 overall annual opinion on the adequacy and effectiveness 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 suitably informed. The annual opinion is included within the Internal Audit Annual Report submitted to Standards, Audit and Risk 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 relevant Accounts Commission / Audit Scotland overview reports / financial bulletins, Council risk registers and relevant reports presented to committee.

- 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 all Directorate Leadership Teams, the BTS Management Team, the Risk Management Team Leader and other key stakeholders such as Azets, the Council's appointed external auditor. Standards, Audit and Risk Committee Elected Members, including the Chair, were also consulted. In total, of the order of 90 key stakeholders were consulted as part of the 2023/24 planning process.
- 1.8 The proposed portfolio of work to be included within the 2023/24 Internal Audit Plan is summarised at Appendix A. Proposed reviews have been grouped together 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 high-level 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 continue to mature. It is anticipated that there will be internal controls in place to mitigate those risks, however, the level of controls and reliance that can be placed on them cannot be confirmed until the audit assignments have been undertaken. The proposed coverage has, in the main, been compiled based on discussions with stakeholders 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 assignment 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 help address the skills and competencies gap relating to more technical IT audits, Audit Services has procured this resource from another Scottish local authority.
- 1.10 For the 2023/24 financial year, the total productive days available for audit work will, in line with last year, be of the order of 2100 days. Approximately 80% of those productive days will be assigned to reviews that will commence during 2023/24 and the balance will be allocated across several other activities, including the provision of advice and guidance, undertaking formal follow-up reviews and finalising prior year work that is ongoing / nearing completion. It should be noted, however, that whilst the 2023/24 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, priorities and resource availability. As required under the PSIAS, any significant changes to the planned programme of work will be reported to the Standards, Audit and Risk 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 2022/23 Internal Audit Plan – Continuous Review

- 2.1 In line with standard working practices, delivery of individual assignments within the 2022/23 Internal Audit Plan is considered on an ongoing basis in conjunction with directorates / services. The reasons for this are two-fold, ensuring assignments are prioritised for delivery when most convenient / beneficial and ensuring that the Council continues to utilise its available internal audit resource efficiently and effectively.

2.2 Discussions surrounding individual assignments within the 2022/23 Internal Audit Plan, along with associated risks, and whether they continue to be relevant have taken place throughout the year, including during the 2023/24 Internal Audit Plan stakeholder consultation process. Proposed amendments to the 2022/23 Internal Audit Plan, along with corresponding reasons, are detailed in the table below:

2022/23 Audit	Outcome	Reason
Transition Arrangements	Defer / reconsider 2024/25	Duplication - overlapping scope with national GIRFE work.
Operator Licensing	Remove	Duplication - Logistics UK deliver compliance / quality monitoring checks.
Plan for Fife	Carry forward to 2023/24	Timing - 3 year renew and refresh due in 2023/24.
Project Management	Carry forward to 2023/24	Timing - arrangements in process of being developed.
Adelante	Carry forward to 2023/24	Timing – Adelante system implementation May 23.
Fraud Governance	Carry forward to 2023/24	Timing - arrangements in process of being developed.
Liquidlogic	Carry forward to 2023/24	Timing - Liquidlogic system implementation June 23.
Care in the Home	Carry forward to 2023/24	Timing - Liquidlogic system implementation June 23.
Financial Assessments	Carry forward to 2023/24	Timing - Liquidlogic system implementation June 23.
Procurement Cards	Carry forward to 2023/24	Timing - new procurement card arrangements to be implemented shortly.
Purchase Ordering	Carry forward to 2023/24	Timing - BMIU looking at potential improvements.
Partnership Working	Carry forward to 2023/24	Internal Audit Resource.
Devolved School Management (DSM)	Carry forward to 2023/24	Internal Audit Resource.
FSLT - Income Collection	Remove	Request - replacement FSLT audit requested.
FSLT - Imprests and Cash	Remove	Request - replacement FSLT audit requested.
External Quality Assessment Process	Carry forward to 2023/24	Request - request to deliver in 2023/24.

3.0 2022/23 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), Council Executive Team and the Finance Management Team. This is the third report submitted to Standards, Audit and Risk committee providing a progress update against individual assignments within the 2022/23 Internal Audit Plan. A progress update has also been provided for the one ongoing 2021/22 assignment on Repairs and Maintenance. See Appendix B.

4.0 Conclusions

- 4.1 The 2023/24 Internal Audit Plan (Appendix A) has been compiled following a comprehensive internal audit planning exercise, including a stakeholder consultation exercise involving of the order of 90 key individuals and consideration of relevant background information.
- 4.2 The Internal 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, Audit and Risk Committee.
- 4.3 There have been some amendments proposed to the 2022/23 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 2023/24 Internal Audit Plan.
- 4.4 An update on the progress towards delivering the 2022/23 Internal Audit Plan has also been provided in the report, along with an update on the one assignment that is ongoing from the 2021/22 Internal Audit Plan (Appendix B). In line with normal working practices, progress updates will continue to be submitted to the Standards, Audit and Risk Committee.

List of Appendices

- A. 2023/24 Internal Audit Plan
- B. 2021/22 and 2022/23 Internal Audit Plan - Progress Report
- C. High-level Audit Universe

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2023/24 Internal Audit Plan

2023/24 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 All risks
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 All risks
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.	High All risks
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 All risks
Corporate Governance	Review of governance assurance arrangements in place at a corporate and directorate level, including ALEO assurance, against CIPFA's Delivering Good Governance in Local Government Framework.	High All risks
Risk Management	High level review of the Council's risk management arrangements at a corporate and service level against recognised good practice.	High All risks
Third Sector Funding	High level review of the Council's funding and governance arrangements in place for third sector against best practice principles, including the Accounts Commission's Following the Public Pound.	High All risks
ICT Reviews		
Adelante*	Review of the new cash receipting system, Adelante. Coverage to be agreed during 2023/24 once the system is fully implemented.	High FC001 FC012
Liquidlogic*	Review to assess the effectiveness of the deployment of the new children and adults case management system procured by the Council.	High FC001 FC011
User Access Levels	High level review of the appropriateness of user access levels and associated permissions for a sample of the Council's critical IT systems.	High All risks
Data Centre	Review of the arrangements in place to ensure uninterrupted service delivery at the new data centre, including security arrangements, environmental controls, incident management and disaster recovery.	Medium FC001

2023/24 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / Risk Code
Systems Reviews		
Care in the Home*	Contracts with, and payments to, care providers for clients' care in the home.	High FC003 FC011
School Transport	Review of the school transport policy in place for children with additional support needs, as well as the effectiveness of supporting processes and procedures developed to help ensure compliance.	High FC011 FC012
Dangerous Buildings and Public Safety	High-level review to ensure that the Council is discharging its statutory duties in relation to dangerous buildings under the Building (Scotland) Act 2003.	High FC005 FC008
Assessors	Review of the processes and procedures introduced, following implementation of the new Evalu8 system, to ensure compliance with relevant legislation.	Medium FC008
GDPR - Data Breach Management	Review of the arrangements in place for data breach management to ensure Fife Council meets its GDPR obligations, including data breach detection, reporting, investigating and monitoring.	Medium FC008
Incident Management	Review of the arrangements in place to manage and monitor health and safety incidents within Education and Children's Services, including recording / reporting processes and procedures.	High FC008 FC013
Induction	High-level review of the Council's revised induction process, developed to ensure staff have the necessary information / skills to perform their role effectively and in line with the Code of Conduct.	High FC008 FC010 FC013
Attendance Management	Coverage to be agreed with the Head of HR during 2023/24, once ongoing developments in this area have progressed further.	High FC013
Discretionary Housing Payments	Review of the arrangements in place to administer Discretionary Housing Payment applications, determinations and awards in line with relevant Scottish guidance and regulations.	High FC008 FC012
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 FC008 FC012
Purchase Ordering*	Review of the requisition, approval and ordering arrangements in place within Oracle for non-contract spend below £5,000.	High FC008 FC012
Regulated Procurement	Review of governance arrangements in place to ensure regulated procurement activity complies with relevant legislation, regulations and statutory guidance, including areas of delegated procurement.	High FC008 FC012

2023/24 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / Risk Code
Procurement / Contract Reviews (cont'd)		
ICT Contract Management	Review of ICT contract management arrangements to ensure that specifications are successfully delivered and, if required, remedial actions taken / escalation procedures are efficient and effective.	High FC001 FC008 FC012
COMIS Replacement	Ongoing advice and guidance surrounding the COMIS replacement system, including attendance at the COMIS Replacement Board.	High FC001 FC012
Financial Reviews		
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 FC002 FC004 FC012
Financial Assessments*	End-to-end review of the financial assessments process in place to calculate contribution levels for long term care residents.	High FC003 FC012
Income Collection	Review of the income collection, recording and reconciliation arrangements in place to ensure data integrity and income maximisation for halls, centres and community use schools.	High FC012
Pupil Equity Funding	Review of the framework in place to administer pupil equity funding and ensure that it is being effectively invested in line with the Pupil Equity Fund: National Operational Guidance.	High FC004 FC012
Salary Overpayments	Review of Council's salary overpayments policy, processes and procedures in place to manage, monitor and mitigate salary overpayments, including recovery and write off procedures.	High FC012
Reconciliation Framework	Review of the Council's reconciliation framework in place to help ensure financial integrity, including procedures, reconciliations register, timetables, responsibilities and monitoring arrangements.	High FC012
UK Shared Prosperity Fund (UKSPF)	In line with the Cabinet Office Government Functional Standards and UKSPF guidance, provide the third line of defence assurance function.	High FC012
Audits for External Organisations		
FSLT – Membership Process	End-to-end review of the membership processes and procedures in place at FSLT, including reconciliation process, with a view to identifying areas for improvement / potential efficiencies.	-

2023/24 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. 83 - IT Disaster Recovery • Internal Audit Report No. 86 - COBIT 5 Assessment Review Process • Internal Audit Report No. 91 - Recurring Payments • Internal Audit Report No. 04/22 - Information Security Management • Internal Audit Report No. 07/22 - Gas Safety • Internal Audit Report No. 14/22 - Safeguarding 	-
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 from 2022/23 that will commence during 2023/24.

KEY:

Risk Code	Previous Risk Code	Risk Title	Risk Code	Previous Risk Code	Risk Title	Risk Code	Previous Risk Code	Risk Title
FC001	BTS004	ICT Failure	FC006	EE002	Risk to the Fife Economy	FC011	FC026	Protection of adults at risk of harm and vulnerable children
FC002	CN002	Inequality and Social Division	FC007	EE003	Climate Change	FC012	FCS001	Financial Sustainability
FC003	CN003	Health Improvement	FC008	FC007	Legal and Regulatory Compliance	FC013	HR005	Health, Safety and Wellbeing
FC004	ECS002	Educational Inequality	FC009	FC0019	Political			
FC005	EE001	Assets and Infrastructure	FC010	FC020	Safety and Protection			

2022/23 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S,A&R Committee Date
2022/23 INTERNAL AUDIT PLAN		Proposed Coverage		Status 02/03/23	Status 18/05/23
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.			Planning	C'fwd to 23/24
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.			Planning	Advice & Guidance
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.			Planning	C'fwd to 23/24
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.			Draft Report Issued	25/05/23
Partnership Working	High level review of the governance arrangements, including resource contribution policies, in place for partnerships with other local authorities to deliver a shared vision.			Not Yet Commenced	C'fwd to 23/24
Fraud Governance	To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these.			Not Yet Commenced	C'fwd to 23/24
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.			Not Yet Commenced	Fieldwork
Media Relations	Review of the arrangements in place within the Communications Service to manage and monitor media relations on behalf of the Council, including strategy, performance management and reporting.			Planning	Fieldwork
ICT Reviews					
Compliance with Information Security Policies	Review of Services' compliance with information security policies.			02/03/23	02/03/23
Payment Strategy / Income Collection / PCI DSS	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). <ul style="list-style-type: none"> The scope of this review is the new cash receipting system, Adelante. 			Not Yet Commenced	C'fwd to 23/24

2022/23 INTERNAL AUDIT PLAN (Cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
ICT Reviews (cont'd)			
Liquidlogic	Review to assess the effectiveness of the deployment of the new children and adults case management system procured by the Council.	Not Yet Commenced	C'fwd to 23/24
Systems Reviews			
Asset Management	Service level needs assessment, recording, maintenance and utilisation of assets, including housing stock, property, vehicles, equipment and IT. • The scope of this review is Education laptops.	02/03/23	02/03/23
Stock Control - Facilities	Review of the working practices and procedures in place for stock control within Facilities Management, with a view to identifying potential efficiencies and other improvement opportunities.	Fieldwork	Draft Report Issued
Care in the Home	Contracts with, and payments to, Care providers for clients' care in the home.	Planning	C'fwd to 23/24
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.	Fieldwork	Fieldwork
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.	Draft Report Issued	25/05/23
Scottish Welfare Fund	Review of the arrangements in place to manage the Scottish Welfare Fund Crisis Grants, Community Care Grants and Self-isolation Support Grants in line with Scottish Government guidance.	02/03/23	02/03/23
Gas Safety	High level review of the adequacy of the systems in place within Housing to ensure that it can meet its statutory obligations in respect of gas safety checks.	Draft Report Issued	25/05/23
Homelessness	Review of the adequacy of the systems in place within Housing to ensure that it meets its statutory obligations in respect of homelessness and recording of associated outcomes.	Planning	Reviewing
Pool Cars	Review of pool car usage within Enterprise and Environment from a reform and climate change perspective.	Fieldwork	Draft Report Issued
Impact Assessments	Review of the Council's Impact Assessment process and procedures, including staff guidance, in place for committee reports.	Not Yet Commenced	Fieldwork
Lone Working	Assessment and deployment of the working practices and procedures in place to help ensure a safe working environment for employees through the provision of lone working fobs.	Planning	Fieldwork

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
Systems Review (cont'd)			
Leavers Process	Review to assess the adequacy of the processes and procedures in place surrounding the notification and processing of leavers.	Not Yet Commenced	Reviewing
Transition Arrangements	Review of the arrangements in place to support efficient and effective transitioning of service users from children and families to adult services.	Not Yet Commenced	Defer
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.	Planning	Remove
Works Orders	Review of the works orders process operating within Environment and Building Services for the commissioning of grounds maintenance services.	Not Yet Commenced	Fieldwork
Vacant Properties	Review of the arrangements in place to ensure the effective ongoing protection of vacant Council buildings, including inspection regime and the identification / implementation of physical protections.	02/03/23	02/03/23
Procurement / Contract Reviews			
Procurement Cards	Corporate review of the internal controls in place to manage and monitor the use of procurement cards, including the authorisation of card transactions.	Not Yet Commenced	C'fwd to 23/24
Purchase Ordering	Review of the requisition, approval and ordering arrangements in place within Oracle for non-contract spend below £5,000.	Planning	C'fwd to 23/24
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.	To be presented 25/05/23	25/05/23
Devolved School Management (DSM)	Review of the Council's DSM scheme against the Scottish Government and COSLA's DSM Guidelines and supplementary Common DSM Framework.	Not Yet Commenced	C'fwd to 23/24
Arrangements for Cash Handling and Security (Education)	Focus on cash handling and security.	Not Yet Commenced	Fieldwork
Council Tax	Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction.	Reviewing	25/05/23
Capital Plan	To assess the monitoring and reporting arrangements in place at both a corporate and service level for the capital programme of works contained within the Capital Plan.	Fieldwork	25/05/23

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
Financial Reviews (cont'd)			
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.	Planning	Fieldwork
Financial Assessments	End-to-end review of the financial assessments process in place to calculate contribution levels for long term care residents.	Planning	C'fwd to 23/24
Tell Us Once	Review of the processes, procedures and effectiveness of the national Tell Us Once service as it is operating within Fife Council.	02/03/23	02/03/23
Audits for External Organisations			
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.	Planning	Remove
FSLT - Imprests and Cash	Review at FSLT of the arrangements in place to ensure the security of imprests and cash floats.	Planning	Remove
CIRECO - Data Protection	High level review of the arrangements in place to ensure its statutory duties surrounding Data Protection and GDPR are effectively discharged.	Fieldwork	Reviewing
Contingency			
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control.	Ongoing	Complete
Follow-up Reviews	Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented:		
	• Internal Audit Report No. 46 - Information Governance	Reviewing	25/05/23
	• Internal Audit Report No. 57 - Employability, Matrix Fife	Fieldwork	25/05/23
	• Internal Audit Report No. 58 - Performance Management	Fieldwork	Fieldwork
	• Internal Audit Report No. 62 - Asset Management, Land and Buildings	Not Yet Commenced	Fieldwork
	• Internal Audit Report No. 71 - Risk Management & Business Continuity	Planning	To be presented 30/06/23
	• Internal Audit Report No. 75 - Common Good Fund Grants	Fieldwork	25/05/23

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
Contingency (cont'd)			
Post Audit Reviews (PARs)	Completion of the PAR exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.	Fieldwork	25/05/23
PSIAS Self-assessment	To ensure conformance with the PSIAS, conduct a self-assessment of the Council's Internal Audit Service against the PSIAS utilising the revised external quality assessment framework.	Reviewing	EQA 25/05/23
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.	Planning	C'fwd to 23/24
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	Ongoing	Complete

2021/22 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S,A&R Committee Date
2021/22 INTERNAL AUDIT PLAN		Proposed Coverage		Status 02/03/23	Status 18/05/23
Governance Reviews					
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	19/04/22
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	19/04/22
Members					
Electoral Registration	To ensure that the Council's Electoral Register is accurate and complete.			19/04/22	19/04/22
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. • The scope of this review is recurring payments.			02/03/23	02/03/23
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.			30/06/22	30/06/22
Payroll and Expenses (Service Level – Children's Services)	Processing of payroll up to gross, including checking and authorisation of expenses.			31/10/22	31/10/22
Subsidiary Systems					
Bank and Suspense Accounts Reconciliations	Reconciliation of the Council's main bank accounts and related suspense accounts, including the General Fund. • The scope of this review is payroll reconciliations.			02/03/23	02/03/23

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
Staffing			
Human Resources	<p>To review the recruitment process and the role of HR Direct / Recruitment Portal, PVG / disclosure checks, that there are proper procedures in place covering the role of HR Direct / Recruitment Portal, Recruitment, Code of Conduct, PVG / Disclosure Checks, Contribution Management and training.</p> <ul style="list-style-type: none"> • Education & Children's Services • Enterprise & Environment 	07/10/21 16/12/21	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.	30/06/22	30/06/22
Repairs and Maintenance	Maintenance of the Council's administration buildings and council houses.	Fieldwork	Draft Report Issued
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.	31/10/22	31/10/22
Health and Social Care			
Direct Payment to Clients and Support for Carers	Management of direct payments to clients for care (Self Directed Support).	30/06/22	30/06/22
Other Audits			
Common Good and Trust Funds	Management and security of the common good fund for which the Council is responsible.	19/04/22	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	19/04/22

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
Information Technology Audits			
Management of IT Operations, Knowledge & Quality	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. <ul style="list-style-type: none">The scope of this review is Civica Cx.	30/06/22	30/06/22
Mini Audits			
Financial Check - Health and Social Care	IJB and Health & Social Care establishment(s) to undertake a financial check.	Advice & Guidance	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.		
Audit Certification* - Fitzgerald Trust, Grants, City Deals, INTERREG, Fife Education Trust Accounts, Clipper, Mutual Work - Clackmannanshire etc. * Note – there is not always a formal output.	Certifying accounts and grant claims as necessary, including: <ul style="list-style-type: none">LEADER in Fife ProgrammeBus Service Operators' Grant	16/12/21 07/10/21	16/12/21 07/10/21
Post Audit Review and Follow Up			
PAR Reviews	Issue and review of PAR action plans for all audits to check on implementation of agreed recommendations.	19/04/22	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. <ul style="list-style-type: none">Internal Audit Report No. 6 – BTS Change Management	07/10/21	07/10/21

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
Planned Consultancy			
Data Matching	Matching Council Tax and rent arrears and Council payrolls.		
Non-Fife Council Internal Audits			
Fife Sports and Leisure Trust	Income, Expenditure, Fees and charges, HR, Purchasing, Health and Safety, Treasury Management, Revenue Budget Setting and Monitoring. <ul style="list-style-type: none"> • Recruitment and Training • Payroll 	30/06/22 30/06/22	30/06/22 30/06/22
Carry Forwards from 2020/21			
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	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	07/10/21
Non-Domestic Rates	Income from the Council's Non-Domestic Rates Tax base, including billing, collection and recovery.	07/10/21	07/10/21
Asset Management	Corporate recording and utilisation of the Council's properties, including comparison with the Insurance Register.	07/10/21	07/10/21
Capital Expenditure	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.	07/10/21	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	16/12/21
Management of Contracts	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. <ul style="list-style-type: none"> • Street Lighting Installations 	19/04/22	19/04/22

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status 02/03/23	Status 18/05/23
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	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	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	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. 	30/06/22	30/06/22
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	16/12/21
Purchasing Cards	A review of purchasing cards in Education.	02/03/23	02/03/23
COBIT 5 Capability Assessment	Provision of assurance on outcomes of BTS' COBIT 5 Capability Model Assessment.	30/06/22	30/06/22

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

Standards, Audit and Risk Committee of 30 June 2023			
Title	Service(s)	Contact(s)	Comments
Minute			
2022/23 Internal Audit Annual Report	Finance and Corporate Services	Pamela Redpath	
Code of Governance	Finance and Corporate Services	Lindsay Thomson, Pamela Redpath	
Annual Governance Statement	Finance and Corporate Services	Elaine Muir	
Fife Council Charitable Trusts - Unaudited Annual Report and Financial Statements 2022-23	Finance and Corporate Services	Elaine Muir	
Fife Council Unaudited Annual Accounts 2022-23	Finance and Corporate Services	Elaine Muir	
Risk Management Updates	Finance and Corporate Services	Pamela Redpath	
Issued Audit Report Summaries	Finance and Corporate Services	Pamela Redpath	
Standards, Audit and Risk Committee Forward Work Programme			

Standards, Audit and Risk Committee of 17 August 2023			
Title	Service(s)	Contact(s)	Comments
Data Protection Report	Finance and Corporate Services	Fiona Smyth-fc	
Internal Audit Charter	Finance and Corporate Services	Pamela Redpath	
Information Requests Annual Report	Customer Services Improvement Service	Laura McDonald-im	
Complaints Update	Communities	David Thomson-CRM	

Standards, Audit and Risk Committee of 28 September 2023			
Title	Service(s)	Contact(s)	Comments
Fife Council and Charitable Trusts - Annual Audit Report and Annual Accounts 2023-24	Finance and Corporate Services	Elaine Muir	Draft accounts to Committee in June, Audited Accounts submitted to Committee September/October 2023 for approval.

Standards, Audit and Risk Committee of 30 October 2023			
Title	Service(s)	Contact(s)	Comments
Whistle Blowing Policy Update	Finance and Corporate Services	Pamela Redpath	
Safeguarding Public Money: are you getting it right?		Pamela Redpath	
Fife Integration Joint Board (IJB) 2022/23 Annual Internal Audit Report	Finance and Corporate Services	Pamela Redpath	
NATIONAL FRAUD INITIATIVE EXERCISE - PROGRESS TO DATE	Finance and Corporate Services	Pamela Redpath	

Standards, Audit and Risk Committee of 9 November 2023			
Title	Service(s)	Contact(s)	Comments
Regulation of Investigatory Powers Scotland (RIPSA) Act 2000	Finance and Corporate Services	Lindsay Thomson	
The Acting Ethical Standards Commissioner for Scotland Annual Report 2022/23, the Standards Commission for Scotland (the Commission) Annual Report for 2022/23; and Decisions taken by	Finance and Corporate Services	Lindsay Thomson	

Standards, Audit and Risk Committee of 9 November 2023			
Title	Service(s)	Contact(s)	Comments
the Hearing Panel of the Commission			

Unallocated			
Title	Service(s)	Contact(s)	Comments
National Fraud Initiative (NFI) in Scotland 2023	Finance and Corporate Services	Pamela Redpath	Annual report by Audit Scotland, expected 2024