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**Report To:** Audit Committee **Date:** 20.10.2020  
**Report By:** Corporate Director Environment Regeneration and Resources **Report No:** AC/06/20/SA/APr  
**Contact Officer:** Andi Priestman **Contact No:** 01475 712251

**Subject: INTERNAL AUDIT PROGRESS REPORT – 3 FEBRUARY TO 25 SEPTEMBER 2020**

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**1.0 PURPOSE**

- 1.1 The purpose of this report is to enable members to monitor the performance of Internal Audit, to discharge their scrutiny and performance monitoring roles and gain an overview of the overall control environment throughout the Council.
- 1.2 The Monitoring Report from 3 February to 25 September 2020 is attached as an Appendix 1 Appendix to this report since its content is essential to the understanding of the Council’s control environment.

**2.0 SUMMARY**

- 2.1 There were 4 internal audit reports finalised since the last Audit Committee meeting in February 2020:
  - Residents Parking Scheme
  - Governance of Community Organisations
  - Refugee Integration Scheme
  - Off Payroll Working (IR35) Regulations

2.2 These reports contained 16 issues categorised as follows:

<b>Red</b>	<b>Amber</b>	<b>Green</b>
0	11	5

2.3 The fieldwork for the 2019/20 plan is complete and the report for the remaining audit is at draft report stage.

2.4 The fieldwork for the 2020/21 is underway and the status is as follows:

<b>Stage</b>	<b>Number of Reports</b>
Final Report	0
Draft Report	1
Fieldwork Complete	0
Fieldwork in Progress	2
Planning	2
Not started/deferred	9
<b>Total</b>	<b>14</b>

2.5 In relation to Internal Audit follow up, there were no actions due for completion by 31 August 2020. The current status report is attached at Appendix 2

2.6 The CMT has reviewed and agreed the current status of actions.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 4 February to 25 September 2020.

**Scott Allan**  
**Corporate Director Environment, Regeneration and Resources**

## 4.0 BACKGROUND

- 4.1 In April 2019, the Audit Committee approved the current Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2019-20. The Internal Audit Annual Audit Plan for 2020-21 was approved by Audit Committee at the February 2020 meeting.
- 4.2 Internal Audit regularly reports findings and action plans to relevant Council Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.

## 5.0 CURRENT POSITION

- 5.1 There were 4 internal audit reports finalised since the last Audit Committee meeting in February 2020:
- Residents Parking Scheme
  - Governance of Community Groups
  - Refugee Integration Scheme
  - Off Payroll Working (IR35) Regulations
- 5.2 The fieldwork for the 2019/20 plan is complete and the report for the remaining audit is at draft report stage.
- 5.3 The fieldwork for the 2020/21 plan is underway and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	0
Draft Report	1
Fieldwork Complete	0
Fieldwork in Progress	2
Planning	2
Not started/deferred	9
<b>Total</b>	<b>14</b>

- 5.4 In relation to Internal Audit action plans, there are 16 current action points being progressed by officers. There were no actions due for completion by 31 August 2020. The current status report is attached at Appendix 2.
- 5.5 The CMT has reviewed and agreed the current status of actions.

## 6.0 IMPLICATIONS

### Finance

6.1 There are no direct financial implications arising from this report.

Financial Implications:

#### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

#### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments
N/A					

### Legal

6.2 There are no direct legal implications arising from this report.

### Human Resources

6.3 There are no direct HR implications arising from this report.

### Equalities

6.4 There are no direct equalities implications arising from this report.

### Repopulation

6.5 There are no direct repopulation implications arising from this report.

## 7.0 CONSULTATIONS

7.1 Relevant officers have been consulted in the preparation of this report.

## 8.0 LIST OF BACKGROUND PAPERS

8.1 File of completed internal audit reports: Available from Andi Priestman, Chief Internal Auditor.



**Audit Committee Report  
Report on Internal Audit Activity from  
3 February to 25 September 2020**

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1 Audit work undertaken in the period

Reports issued since last update

1.1 In each audit, one of 4 overall opinions is expressed:

<b>Strong</b>	In our opinion there is a <b>sound</b> system of internal controls designed to ensure that the organisation is able to achieve its objectives.
<b>Satisfactory</b>	In our opinion <b>isolated</b> areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.
<b>Requires improvement</b>	In our opinion <b>systemic and/or material</b> control weaknesses were identified such that some organisation objectives are put at significant risk.
<b>Unsatisfactory</b>	In our opinion the control environment was considered <b>inadequate</b> to ensure that the organisation is able to achieve its objectives.

1.2 Detailed findings and recommendations reported to management are currently graded using the following criteria:

<b>Red</b>	<ul style="list-style-type: none"> <li>In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole.</li> <li>Corrective action must be taken and should start immediately.</li> <li>Overseen to completion by Corporate Management Team.</li> </ul>
<b>Amber</b>	<ul style="list-style-type: none"> <li>In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole.</li> <li>Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe.</li> <li>Overseen to completion by Head of Service.</li> </ul>
<b>Green</b>	<ul style="list-style-type: none"> <li>In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness.</li> <li>Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA).</li> <li>Managed by service owner.</li> </ul>

1.3 There were 4 audit reviews finalised since the February Audit Committee, which are identified below, together with a summary of the gradings of the issues identified. In Section 2 we have provided a summary of the main findings from the review.

Reports finalised since previous Audit Committee	Grading			Total Number of Issues
	Red	Amber	Green	
Residents Parking Scheme	0	3	1	4
Governance of Community Groups	0	2	2	4
Refugee Integration Scheme	0	6	0	6
Off Payroll Working (IR35)	0	0	2	2
<b>Total</b>	<b>0</b>	<b>11</b>	<b>5</b>	<b>16</b>

**Other activities**

**Risk Management**

- 1.4 Risk Management is the subject of separate reporting to Audit Committee and a full report is submitted separately on an annual basis.

**Internal Audit Action Plan Follow Up**

- 1.5 The current status of Internal Audit Action plans is set out as an attachment at Appendix 2 to this report.

**2 Summary of main findings from reports issued since previous Audit Committee**

- 2.1 We have provided below a summary of the key findings from the final reports issued after 31 January 2020.

**Residents Parking Scheme**

- 2.2 Decriminalised parking enforcement was introduced in Inverclyde in October 2014. However, after objections from the public and a review of the situation, a Residents' Parking Permit Scheme was introduced into some parts of Greenock Town Centre on 25/04/2016. This scheme has now evolved to include four designated zones within Greenock town centre area and a further area in Wemyss Bay.

The permit scheme allows residents within the designated zones, on proof of residency and vehicle ownership, to park unrestricted by means of a virtual parking permit. The scheme is administered and delivered by Imperial Civil Enforcement Ltd (ICES) on behalf of Inverclyde Council.

- 2.3 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde Council in relation to Residents' Parking Permit Scheme.
- 2.4 The review focused on the high level processes and procedures in relation to Residents' Parking Permit Scheme and concentrated on identified areas of perceived higher risk, such as non-compliance with terms and conditions and lack of documentary proof on renewal or change of circumstances.
- 2.5 The overall control environment opinion for this audit review was **Satisfactory**. There were 3 AMBER issues identified as follows:

Non-Compliance with Terms and Conditions (Amber)

The terms and conditions provide the framework for the Residents' Parking Permit Scheme which is administered and delivered by Imperial Civil Enforcement Solutions Ltd (ICES) on behalf of Inverclyde Council. The administration process undertaken by ICES includes the issue of virtual permits, validating documentation regarding residency and vehicles, renewal procedures and maintaining the permit database.



**2 Summary of main findings from reports issued since previous Audit Committee (Continued)**

Through discussions with staff and audit testing, the following areas of non-compliance with the terms and conditions were identified:

- Acceptance of documentary evidence as proof of residency or vehicle ownership which is not listed on the approved list of documents.
- No routine checks are conducted on renewal to ascertain whether an applicant has three or more outstanding Penalty Charge Notices (PCN's).
- No assessment is carried out re the provision of "off road" parking.
- No current checks to validate vehicle documents in relation to insurance, MOT and road fund licence.

If applications are processed without adherence to the terms and conditions of the scheme, there is a risk that permits are issued which are not valid and where there is no entitlement.

Lack of documentary proof on renewal or change of circumstances (Amber)

When applying for a Residents' Parking Permit, applicants are required to provide documentary proof of residency and vehicle ownership from an approved list of documents. However, through discussions with staff it was established that:

- At renewal, permit holders only require to confirm that there has been no change of circumstances and are not required to provide any further documentary evidence.
- In circumstances where a change of vehicle occurs, no proof of ownership is requested.

In the absence of a robust permit renewal and change of circumstances process, there is a risk that permits are issued where entitlement no longer exists.

Management have advised that since the introduction of Permit Smarti in January 2020, proof of residency and vehicle ownership will also be required at renewal and through notification of a change of circumstances.

Absence of quality control checks and management information (Amber)

The Service Level Specification agreed between ICES and Inverclyde Council states at paragraph 2 (19) that ICES will be responsible for providing management information on both an annual and monthly basis including number of new applications, renewals, changes to vehicles and average time to process.

Through discussion with staff, both at Inverclyde Council and ICES, it was identified that no management information has been produced by ICES since the inception of the permit scheme in April 2016.

In addition, no routine or random sampling of applications has been undertaken by IC to ensure any errors or omissions are corrected in a timely manner.

Where management information is not produced and reviewed, there is a risk that management may be unable to demonstrate compliance with relevant policies and procedures, or areas of non-compliance are not identified and corrected. In addition, in the absence of routine or random sampling of applications, there are risks that errors or omissions occur which are not detected leading to the issue of permits where there is no entitlement.

**2 Summary of main findings from reports issued since previous Audit Committee (Continued)**

As a result of the audit, management have advised that since November 2019, management information is now being supplied on a monthly basis by ICES in line with the Service Level Specification. In addition, with the introduction of Permit Smarti in January 2020, Council staff now have 6 “read only” permissions, allowing them to monitor and sample applications processed by ICES.

- 2.6 The review identified 4 issues, three of which we consider to be individually significant and an action plan is in place to address all issues by 31 October 2020.

**Governance of Community Groups**

- 2.7 All community groups within Inverclyde need to be managed if they are to function effectively. Good governance ensures the overall direction, effectiveness, supervision and accountability of each of these groups. Within Inverclyde there are currently 6 self-managed community centres which are supported by the Council in providing community learning and development services to their local communities.
- 2.8 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde Council in relation to Governance of Community Groups.
- 2.9 The review focused on the high level processes and procedures in relation to Governance of Community Groups and concentrated on identified areas of perceived higher risk, such as all relevant governance requirements have not been identified or set up completely and accurately or adequate procedures are not in place to ensure that effective and challenging monitoring of governance procedures is being carried out.
- 2.10 The overall control environment opinion for this audit review was **Satisfactory**. There were 2 AMBER issues identified as follows:

Creation and Monitoring of Outcomes (Amber)

All community groups should have outcomes that link into the Local Outcome Improvement Plan (LOIP) included within their Service Level Agreement which are then monitored on an ongoing basis to ensure that activities undertaken are in line with the agreed outcomes.

However, through discussions with staff, it was identified that the Service Level Agreements have not been reviewed since 2013 and therefore are currently not aligned to the LOIP. Therefore monitoring of activity is not able to be carried out. In addition, 2 community groups do not have a Service Level Agreement in place.

Where outcomes are not aligned to the LOIP, there is a risk that activities may be undertaken which do not achieve community planning expectations.

Where key performance indicators have not been reviewed or put in place, and targets do not exist or are not sufficiently challenging, there is a risk that management may not be able to monitor performance of activities to ensure they are on track or ensure remedial action is taken where necessary to address any issues identified.

**2 Summary of main findings from reports issued since previous Audit Committee (Continued)**

Adequacy of monitoring arrangements (Amber)

The role of the Development Officer is to carry out quarterly review visits including sample checks of the governance of the community groups within Inverclyde to ensure that activities undertaken are in line with the agreed outcomes.

Through discussions with staff, it was identified that there is currently only one officer who completes these reviews with operational guidance on how to apply the monitoring framework currently being completed. In addition, limited monitoring was being carried out due to Service Level Agreements being revised. Also, although the Service Manager and Development Officer meet regularly to discuss key issues arising, these meetings are not formalised.

Where a single person dependency exists, there is a risk that monitoring is not carried out or reporting deadlines may be missed should the Development Officer be absent from her position.

Where operational guidance on how to apply the monitoring framework for the governance of community groups has not been completed, there is a risk that staff may carry out processes incorrectly in the absence of key members of staff.

- 2.11 The review identified 4 issues, two of which we consider to be individually significant and an action plan is in place to address all issues by 30 November 2020.

**Refugee Integration Scheme**

- 2.12 Over recent years the Health & Social Care Partnership (HSCP) has participated in Home Office schemes to resettle refugees within the local community. Inverclyde has seen the arrival of refugees from Afghanistan and Syria. The Refugee Integration Team is currently supporting approximately 124 individuals across 35 families. It is important that refugees receive appropriate support from various organisations, including the HSCP, especially as the Council plans to accept more refugee families. The support given to refugees must be based on assessments of their needs. Services delivered by HSCP teams and external organisations must also be provided collaboratively and in ways which focus on refugees assessed needs. Over five years the Council would receive Home Office grants amounting to approximately £82,000 for a family of four refugees, including two school aged children. In addition, both the Council and Home Office expect the promotion of positive outcomes for refugees whilst also demonstrating best value when spending specific grants.
- 2.13 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde Council in relation to the refugee integration scheme.
- 2.14 The review focused on the high level processes and procedures in relation to the refugee integration scheme and concentrated on identified areas of perceived higher risk, such as not completely and accurately assessing refugees' needs for public services and not adequately embedding partnership working within the refugee integration scheme.

## 2 Summary of main findings from reports issued since previous Audit Committee (Continued)

- 2.15 The overall control environment opinion for this audit review was **Satisfactory**. There were 6 AMBER issues identified as follows:

### Financial management and monitoring of the refugee integration scheme (Amber)

The Council receives regular Home Office grants when it resettles refugees. For a family of four refugees, including two children, the Council would receive grants amounting to approximately £82,000 over five years. These grants are pooled and used to pay for the Refugee Integration Team along with support costs, such as interpreter services. However, we have identified some issues regarding the management of this expenditure as follows:

- There are no formal reconciliations of grants due for refugee families being matched to grant claims and income actually received;
- Over the last five years Education Services has not regularly received its share of these Home Office grants, although we understand that grants totalling £70,630 were transferred to Education Services during 2017/18 and 2018/19; and
- There is a need to establish more detailed budgetary control arrangements, especially in relation to setting annual budgets and more formally identifying recurring spending pressures.

Without adequately addressing weaknesses in the financial management of the refugee resettlement scheme it will be more difficult for officers to comply with all relevant Council policies and to fully implement Home Office funding instructions.

### Complying with procurement procedures for the refugee integration scheme (Amber)

A proportion of Home Office resettlement grants are used to procure goods and services for refugees such as redecorating rented accommodation, buying furniture and providing cookery classes. Through discussions with officers we have identified the following issues:

- There is considerable uncertainty regarding the extent to which the Refugee Integration Team has always fully and adequately documented its compliance with corporate procurement procedures over recent years; and
- The main external contractors used by the Refugee Integration Team have not been subject to regular and formal contract monitoring reviews.

Without adequately documenting compliance with corporate procurement procedures it will be more difficult for officers to demonstrate that they have obtained best value when administering the refugee integration scheme.

### Adequacy of policy and procedural documentation for managing the refugee integration scheme (Amber)

There is no comprehensive Council policy covering the integration of refugees into the local community, although work undertaken by the multi-partner Migration Steering Group (MSG) could be used to develop a local policy.

**2 Summary of main findings from reports issued since previous Audit Committee (Continued)**

However, we have identified some issues which require to be addressed as follows:

- setting capacity limits to determine the annual number of refugees which can reasonably be accepted each year;
- specifying the criteria to be used for capping the number of refugees with complex care needs;
- outlining the support which will be provided to refugees or asylum seekers who either do not receive Home Office funding or who do not have recourse to public funds; and
- specifying positive outcomes for refugees in respect of their learning English and accessing education and employment support.

In addition, we have identified some issues regarding the operational procedures used by the Refugee Integration Team as the procedures do not adequately specify the support services provided to refugees following their first year of arrival. Also, the procedures do not fully cover procurement processes or claiming Home Office grants.

In the absence of a comprehensive local policy it will be more difficult for the Migration Steering Group to deliver positive outcomes for local refugees.

Whenever gaps exist in operational procedures there is a risk that staff follow incomplete and out of date processes.

Adequacy of partnership working arrangements in relation to the refugee integration scheme (Amber)

Various factors determine the success of stakeholders' efforts to adequately integrate refugees into the local community. Up until March 2019 a Migration Steering Group (MSG) met regularly to progress issues arising from integration activities. Following staff changes the MSG was due to reconvene during March 2020 but this was postponed due to Covid-19. Through discussions with officers we have identified a number of issues which the MSG could examine, including:

- confirming and documenting the primary roles and responsibilities of MSG participants by consolidating the work already undertaken;
- creating an appropriate framework in which to proactively manage the immigration status of each refugee well in advance of their fifth anniversary of arriving in the UK;
- developing communication arrangements which seek to resolve the underlying causes of occasional but recurring service delivery issues;
- ensuring the ongoing provision of halal meat across local schools; and
- assessing the effectiveness of the services provided to refugees, such as the quality of English tuition.

Issues which arise from refugee integration activities may not be resolved in the absence of effective communications amongst relevant stakeholders.

**2 Summary of main findings from reports issued since previous Audit Committee (Continued)**

Adequacy of management information regarding services for refugees (Amber)

When working with refugee families the Refugee Integration Team exchanges information with public and private services providers. The effective oversight of these services requires the regular and meaningful management information, however in these respects we have identified some issues, including:

- the need to re-introduce regular reporting to relevant Council Committees on the strategic challenges and successes arising from the refugee resettlement scheme;
- the Team's ability to fully assist refugees with benefit claims may be limited as relevant officers do not have access to the current Welfare Rights case management system;
- senior managers need to specify the management information which they regularly require from all relevant officers;
- the Team is required to hold some information about refugee families on the HSCP's network computer drive rather than fully utilising the SWIFT system; and
- there is a need to confirm that the replacement SWIFT system will, to some extent, allow for the Team's information processing requirements.

In the absence of relevant management information it may be more difficult to effectively oversee the Team's activities or regularly report strategic issues to elected members.

The effectiveness of services provided to refugees may be reduced when information systems do not adequately allow for the Team's processes or cannot be accessed by its staff.

Efforts to effectively manage the risks associated with vulnerable refugee children and adults may be compromised when the SWIFT system is not fully utilised and thus complicating the sharing of relevant information.

Adequacy of information governance and management arrangements (Amber)

The Refugee Integration Team works closely with various internal and external stakeholders and thus holds and shares refugees' personal information. From our fieldwork we have identified some information governance issues as follows:

- data sharing protocols are not in place with the Council services and most external organisations which the Team deals with;
- relevant information regarding refugee children is shared with selected Education staff and whilst this is appropriate in respect of pupils we understand that information regarding their families is also shared with those same staff. There is a need to seek advice from relevant officers regarding the necessities of this practice whilst also complying with child protection and data protection laws; and
- a detailed plan to fully implement the Council's data retention policy has not yet been developed.

Without regularly reviewing operational practices it may be more difficult to demonstrate compliance with all relevant legislation and the Council's information governance policies.

- 2.16 The review identified 6 issues which we consider to be individually significant and an action plan is in place to address all issues by 31 October 2020.

**2 Summary of main findings from reports issued since previous Audit Committee (Continued)**

**Off Payroll Working (IR35)**

- 2.17 In April 2017 new legislation was introduced requiring the Public Sector to assess whether workers provided via an intermediary and up to this point paid outside of payroll would have been subject to PAYE if not paid via the intermediary.

The intermediary could be their own personal services company, an agency or a third party paying the intermediary. The legislation is referred to as Off Payroll Working in the Public Sector but is commonly referred to as IR35.

The new legislation will ensure that individuals who work through their own company but who would have been taxed as employees had they been engaged directly pay employment taxes on their income.

- 2.18 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to off-payroll working (IR35).

- 2.19 The overall control environment opinion for this audit review was **Satisfactory**. Areas of good practice were identified as follows:

When the legislation came into force on 1 April 2017, HR carried out an exercise in conjunction with Finance & Procurement to ensure that posts which fell within the scope of IR35 had an online assessment carried out using the HMRC toolkit and a copy was retained as evidence.

However some areas to strengthen the control environment were identified as follows:

- The CSA returns identified that although IR35 guidance was issued by OD/HR to Heads of Service for dissemination, there was a lack of awareness of the guidance issued and refresher guidance is would be welcomed by managers.
- Although the Council has a Recruitment & Selection Policy in place this policy has not been updated to reflect requirements relating to IR35 Regulations.

- 2.20 The review identified 2 GREEN issues and an action plan is in place to address both issues by 31 October 2020.

3 Audit Plan for 2020/2021 – Progress to 25 September 2020

Planned Audit Coverage	Not started	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
<b>Risk-Based Reviews</b>								
Homelessness	✓							
Corporate Procurement – Off Contract Spend		✓	✓	✓	✓	✓		
Taxi Licensing	✓							
Overtime		✓						
Garden Waste Permits Income		✓	✓					
<b>Limited Scope Financial Reviews</b>								
Cash and Banking	✓							
Creditors	✓							
<b>Project Assurance Reviews</b>								
Greenock Ocean Terminal								
Parent Pay	✓							
<b>Project Post-Implementation Reviews</b>								
Alcohol and Drugs Partnership Redesign	✓							
CLD 3 Year Plan	✓							
<b>Regularity Audits</b>								
Employee Expenses – Quarterly Checks	✓							
Client Accounts – Quarterly Checks	✓							
Corporate Purchase Cards – Quarterly Checks		N/A	N/A	✓				
<b>Corporate Governance</b>								
Annual Governance Statement 2019-2020	Complete - Input provided by CIA.							
<b>Other Work</b>								
Council Tax Reduction Scheme/Discounts/Exemptions	Visits are carried out to establish the validity of discounts and exemptions – see section 4							
National Fraud Initiative	Work on the 2018/19 Data Matching Exercise is complete.							
SPOC Liaison with DWP	Ongoing – see paragraph 4 for detailed activity.							
Inverclyde IJB	20 days allocated to IJB audit plan. One audit is complete.							



**4 Corporate Fraud Activity**

4.1 The undernoted table sets out progress to date on corporate fraud activity in the period 3 February to 23 March 2020:

<b>Council Tax Reduction Scheme 3 February to 23 March 2020</b>					
<b>Number of Home Visits</b>		<b>Number of Errors Identified and Corrected</b>		<b>Total Overpayment/Future Savings</b>	
56		0		£0	
<b>Council Tax Reduction Scheme – Year to 31 March 2020</b>					
<b>Number of Home Visits</b>		<b>Number of Errors Identified and Corrected</b>		<b>Total Overpayment/Future Savings</b>	
153		46		£43,161/ £30,354	
<b>National Fraud Initiative 2018-2019 Exercise</b>					
Matches have now been investigated by Internal Audit and Services and the exercise is now complete.					
Matches received	Number Investigated	No issues	Fraud	Error	Value of Fraud/Error
<b>Housing Benefit</b>					
385	385	373	11	1	£18,283.03
<b>Blue Badge</b>					
201	201	84	0	117	£0
<b>Care Homes</b>					
45	45	45	0	0	£0
<b>Personal Budgets</b>					
7	7	7	0	0	£0
<b>Council Tax Reduction Scheme</b>					
735	729	711	10	6	£16705.91
<b>Procurement</b>					
38	38	38	0	0	£0
<b>Payroll</b>					
67	67	64	0	3	£1556.60
<b>Creditors</b>					
1254	1241	1241	0	0	£0
<b>VAT</b>					
56	56	56	0	0	£0
<b>TOTALS</b>					
<b>2788</b>	<b>2769</b>	<b>2731</b>	<b>21</b>	<b>127</b>	<b>£36,545.54</b>
<b>Recheck Report – Single Person Discount (Refreshed in January 2020)</b>					
3799	1613	1579	24	10	£30,615.41
<b>Stock and Inventory Quarterly Checks – 2019-2020</b>					
Quarterly checks are complete. No significant issues have arisen.					
<b>Employee Expenses Quarterly Checks – 2019-2020</b>					
Quarterly checks are complete. A new Travel and Subsistence policy was approved in September 2019. Compliance with the new policy will be undertaken as part of the 2020-2021 Annual Audit Plan.					
<b>Corporate Purchase Cards Quarterly Checks – 2020-21</b>					
Quarterly checks are underway.					

**4 Corporate Fraud Activity (Continued)**

4.2 The status of NFI cases being reviewed by Corporate Fraud since the last Audit Committee are set out below:

<b>NFI Enquiries</b>					
<b>Number of Enquiries</b>	<b>Fraud Established</b>	<b>No Fraud</b>	<b>Referred to Finance</b>	<b>Referred to External Agency</b>	<b>Ongoing</b>
29	3	13	10	0	3

**4.3 SPOC Liaison 3/2/20 – 25/9/20**

DWP Referrals	2 this period	37 to date
LAIEF requests actioned	4 this period	60 to date

**4.4 Whistleblowing/Referrals**

Files closed/being investigated since the last Audit Committee are as follows:

<b>File Ref</b>	<b>Description</b>	<b>Status</b>
19/20 19-199	Employee Fraud – timekeeping/ duties irregularity.	Irregularities identified - recommendations made to management to improve control environment.
19/20 19/221	Discrepancies in Client Accounts.	Summary of findings and recommendation included at Section 6 of the report.
19/20 19/286	Allegation that local shop is not complying with physical distancing.	Referred to Enforcement.
20/21 20/23	Potential Employee Conflict of Interest.	Referred to Service. No irregularity identified.

4.5 In addition, the status of other enquiries received between 3/2/20 and 25/9/20 is as follows:

<b>Blue Badge Enquiries</b>					
<b>Number of Enquiries</b>	<b>Misuse Identified</b>	<b>No misuse</b>	<b>Ongoing</b>		
19	16	2	1		
<b>Council Tax Referrals (Whistleblower/Services)</b>					
<b>Number of Enquiries</b>	<b>Fraud Established</b>	<b>No Fraud</b>	<b>Referred to Finance</b>	<b>Referred to External Agency</b>	<b>Ongoing</b>
6	0	0	4	0	2
<b>Other Enquiries (Services)</b>					
<b>Number of Enquiries</b>	<b>Fraud</b>	<b>No Fraud</b>	<b>Ongoing</b>		
8	0	8	0		

**5 Ad hoc activities undertaken since the previous Audit Committee**

5.1 From time to time, management will request the assistance of Internal Audit in certain activities that are in addition to the annual Operational Plan. Examples of such activities include investigations of alleged irregularities, review of changes in system procedures etc.

**5 Ad hoc activities undertaken since the previous Audit Committee (Continued)**

5.2 Contingency has been made available in the Operational Plan for such ad hoc activities. Since the previous Audit Committee, ad hoc activity undertaken in the period is as follows:

- Providing relevant information in relation to FOI requests.
- Investigations as set out at sections 4.2 to 4.5 of the report.
- Provision of ongoing advice and support to service processes impacted by the pandemic eg new business grants process, electronic authorisation of financial payments, care home sustainability process and input through CRMT on cyber security and anti-fraud alerts for employees and wider community.

**INVERCLYDE COUNCIL INTERNAL AUDIT**  
**REPORT TO AUDIT COMMITTEE ON**  
**STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)**  
**AT 31 AUGUST 2020**

**Summary: Section 1 Summary of Management Actions due for completion by 31/08/2020**

There were no actions due for completion by 31 August 2020.

**Section 2 Summary of Current Management Actions Plans at 31/08/2020**

At 31 August 2020 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

**Section 3 Current Management Actions at 31/08/2020**

At 31 August 2020 there were 16 current audit action points.

**Section 4 Analysis of Missed Deadlines**

At 31 August 2020 there were 5 audit action points where the agreed deadline had been missed.

**Section 5 Summary of Action Plan Points by Audit Year**

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.08.2020**

**SECTION 2**

<b>Directorate</b>	<b>No. of Actions Due</b>	<b>No. of Actions Completed</b>	<b>Deadline missed Revised date set*</b>	<b>Deadline missed Revised date to be set*</b>
Health and Social Care Partnership (HSCP)	0			
Education, Communities and Organisational Development	0			
Environment, Regeneration & Resources	0			
<b>Total</b>	<b>0</b>			

\* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
 REPORT TO AUDIT COMMITTEE ON  
 STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
 SUMMARY OF CURRENT MANAGEMENT ACTION PLANS AS AT 31.08.2020**

**SECTION 2**

**CURRENT ACTIONS BY DIRECTORATE**

<b>HSCP</b>	
Due for completion October 2020	6
Due for completion November 2020	1
Due for completion June 2021	1
<b>Total Actions</b>	<b>8</b>
<b>Education, Communities and Organisational Development</b>	
Due for completion October 2020	1
Due for completion November 2020	2
Completion date to be advised	2
<b>Total Actions</b>	<b>5</b>
<b>Environment, Regeneration and Resources</b>	
Due for completion October 2020	3
<b>Total Actions</b>	<b>3</b>
<b>Total current actions:</b>	<b>16</b>

**INVERCLYDE COUNCIL INTERNAL AUDIT  
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STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020**

**SECTION 3**

**HSCP**

Action	Owner	Expected Date
<b>Stock and Inventory Control (March 2019)</b>		
<p><b>Adequacy of Stock Controls within Inverclyde Centre for Independent Living (Amber)</b> Funding has been secured to procure a new stock control system which will be used for ICIL equipment. As an interim measure, managers have carried out a manual stock check and a year-end stock check will be carried out by end of March.</p>	<p><b>Service Manager (Innovation and ICIL)</b></p>	<p><b>30.06.2021*</b></p>
<b>HSCP Contract Management (July 2019)</b>		
<p><b>Adequacy of Contract Management Framework documentation (Amber)</b> The finalised guidance will be formally reviewed for its effectiveness within a year of its being applied in practice.</p>	<p><b>Service Manager (Quality and Development)</b></p>	<p><b>30.11.2020</b></p>
<b>Refugee Integration Scheme (August 2020)</b>		
<p><b>Financial Management and Monitoring of the Refugee Integration Scheme (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• establish formal arrangements for claiming Home Office grants;</li> <li>• undertake spot checks to confirm that all relevant grants were claimed from the Home Office;</li> <li>• confirm the accuracy of unspent grant monies for the two refugee resettlement schemes which operated up until 31<sup>st</sup> March 2020;</li> <li>• establish more detailed budgetary control arrangements for the current Home Office resettlement scheme;</li> <li>• undertake a review of the roles and responsibilities for financial tasks currently undertaken by the Refugee Integration Team and Finance staff; and</li> <li>• formal arrangements will be detailed within version controlled procedures.</li> </ul>	<p><b>Service Manager (Children &amp; Families &amp; New Scots Service)</b></p>	<p><b>31.10.2020</b></p>
<p><b>Complying with Procurement Procedures (Amber)</b> Management will undertake a thorough review of the Refugee Integration Team's arrangements for documenting its compliance with corporate procurement procedures and contract monitoring arrangements.</p>	<p><b>Service Manager (Children &amp; Families &amp; New Scots Service)</b></p>	<p><b>31.10.2020</b></p>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020**

**SECTION 3**

**HSCP (Continued)**

Action	Owner	Expected Date
<b>Refugee Integration Scheme (August 2020)</b>		
<p><b>Adequacy of Policy and Procedural Documentation (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• develop a local policy regarding the integration of refugees in conjunction with the Migration Steering Group (MSG);</li> <li>• review and update operational procedures; and</li> <li>• ensure both the policy and operational procedures are consistent with relevant Scottish Government policies and Home Office Funding Instructions and approved by the relevant Council Committees.</li> </ul>	<p><b>Service Manager (Children &amp; Families &amp; New Scots Service)</b></p>	<p><b>31.10.2020</b></p>
<p><b>Adequacy of Partnership Working Arrangements (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• reconvene the Migration Steering Group (MSG) as soon as reasonably practicable;</li> <li>• examine the various issues which were identified during the audit; and</li> <li>• create MSG sub-groups in order to examine complex issues and to draft appropriate action plans.</li> </ul>	<p><b>Service Manager (Children &amp; Families &amp; New Scots Service)</b></p>	<p><b>31.10.2020</b></p>
<p><b>Adequacy of Management Information (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• clarify with CMT the appropriate report cycle to prepare reports regarding the refugee strategy for relevant Council committees;</li> <li>• explore the benefits of access to the current Welfare Rights case management system for relevant staff within the Refugee Integration Team;</li> <li>• develop a management information suite to be regularly produced by the Refugee Integration Co-ordinator and Finance staff in order to fully oversee the refugee integration scheme;</li> <li>• further utilise the SWIFT system for case management;</li> <li>• confirm that the replacement SWIFT system will, to the extent possible, allow for the Refugee Integration Team's information processing requirements.</li> </ul>	<p><b>Service Manager (Children &amp; Families &amp; New Scots Service)</b></p>	<p><b>31.10.2020</b></p>

\* See Analysis of Missed Deadlines – Section 4



**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020**

**SECTION 3**

**HSCP (Continued)**

Action	Owner	Expected Date
<b>Refugee Integration Scheme (August 2020)</b>		
<b>Adequacy of information governance and management arrangements (Amber)</b> Management will: <ul style="list-style-type: none"> <li>• develop appropriate data sharing protocols with the Council services and external organisations which the Refugee Integration Team deals with; and</li> <li>• develop a data retention plan for the personal information held by the Refugee Integration Team.</li> </ul>	<b>Service Manager (Children &amp; Families &amp; New Scots Service)</b>	<b>31.10.2020</b>

**Education, Communities and Organisational Development**

Action	Owner	Expected Date
<b>HR Safe Recruitment Checks (November 2019)</b>		
<b>Monitoring the timeliness of processing of HR safe recruitment checks (Amber)</b> HR management will review these issues as part of the work being undertaken in respect of Good Work Plan legislation along with the internal review/short life work group involving HR and Home Care. This work will be balanced with examining available national benchmarking data in order to identify whether Inverclyde is in line with average timescales and subject to available resources within HR.	<b>HR and OD Manager</b>	<b>31.10.20</b>
<b>Education Control Self Assessment (January 2020)</b>		
<b>Inefficient Use of ICT Systems (Amber)</b> Once the pilot has been completed, the corporate transition will be implemented for the remaining schools.	<b>Head of Education</b>	<b>To be advised*</b>
Staff will be given corporate e-mail address access and use of corporate printers.	<b>Head of Education</b>	<b>To be advised*</b>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020**

**SECTION 3**

**Education, Communities and Organisational Development (Continued)**

Action	Owner	Expected Date
<b>Governance of Community Organisations (May 2020)</b>		
<p><b>Creation and Monitoring of Outcomes (Amber)</b> Management will ensure that:</p> <ul style="list-style-type: none"> <li>• a revised Service Level Agreement is put in place for all community groups which should include key performance indicators, targets and outcomes that are in line with the locality planning priorities set in the LOIP; and</li> <li>• monitoring of agreed outcomes is included within the governance arrangements on a quarterly basis.</li> </ul>	<p><b>Service Manager, CLD, Community Safety &amp; Resilience and Sport</b></p>	<p><b>30.11.2020*</b></p>
<p><b>Adequacy of Monitoring Arrangements (Amber)</b> Management should ensure that:</p> <ul style="list-style-type: none"> <li>• appropriate contingency arrangements are put in place in the event that the Development Officer is absent for an extended period of time, including development of operational guidance;</li> <li>• the monitoring process is updated to reflect revised KPIs and activities; and</li> <li>• once outcomes have been agreed, a wider range of sample checks are carried out within the quarterly review with management oversight.</li> </ul>	<p><b>Service Manager, CLD, Community Safety &amp; Resilience and Sport</b></p>	<p><b>30.11.2020*</b></p>

**Environment Regeneration and Resources**

Action	Owner	Expected Date
<b>Residents Parking Scheme (March 2020)</b>		
<p><b>Non-Compliance with Terms and Conditions (Amber)</b> Management will ensure that all applications and renewals processed are fully compliant with the terms and conditions of the Residents' Parking Permit Scheme.</p>	<p><b>Team Leader</b></p>	<p><b>31.10.2020</b></p>
<p><b>Lack of Documentary Proof on Renewal or Change of Circumstances (Amber)</b> Management will satisfy themselves that procedures are introduced to ensure that the same standards are applied at renewal and change of circumstances as at first application.</p>	<p><b>Team Leader</b></p>	<p><b>31.10.2020</b></p>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020**

**SECTION 3**

**Environment Regeneration and Resources (Continued)**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Residents Parking Scheme (March 2020)</b>		
<b>Absence of Quality Control Checks and Management Information (Amber)</b> Management will ensure that both ICES and Inverclyde Council introduce a programme of routine sampling of permit applications on a regular basis to confirm that the terms and conditions of the scheme are fully applied.	<b>Team Leader</b>	<b>31.10.2020</b>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
ANALYSIS OF MISSED DEADLINES**

**SECTION 4**

Report	Action	Original Date	Revised Date	Management Comments
<b>Stock and Inventory Control (March 2019)</b>	<b>Adequacy of Stock Controls within Inverclyde Centre for Independent Living (Amber)</b> Funding has been secured to procure a new stock control system which will be used for ICIL equipment. As an interim measure, managers have carried out a manual stock check and a year-end stock check will be carried out by end of March.	<b>31.12.19 31.03.20</b>	<b>30.06.21</b>	The procurement exercise is now complete. The new system will be implemented by June 2021.
<b>Education CSA (January 2020)</b>	<b>Inefficient Use of ICT Systems (Amber)</b> Once the pilot has been completed, the corporate transition will be implemented for the remaining schools.	<b>14.08.20</b>	<b>To be advised</b>	The pilot exercise was undertaken however the rollout to remaining schools was halted as a result of responding to COVID-19. A revised schedule will be discussed and implemented with ICT.
<b>Education CSA (January 2020)</b>	Staff will be given corporate e-mail address access and use of corporate printers.	<b>14.08.20</b>	<b>To be advised</b>	The pilot exercise was undertaken however the rollout to remaining schools was halted as a result of responding to COVID-19. A revised schedule will be discussed and implemented with ICT.

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
ANALYSIS OF MISSED DEADLINES**

**SECTION 4**

Report	Action	Original Date	Revised Date	Management Comments
<b>Governance of Community Organisations (May 2020)</b>	<p><b>Creation and Monitoring of Outcomes (Amber)</b> Management will ensure that:</p> <ul style="list-style-type: none"> <li>• a revised Service Level Agreement is put in place for all community groups which should include key performance indicators, targets and outcomes that are in line with the locality planning priorities set in the LOIP; and</li> <li>• monitoring of agreed outcomes is included within the governance arrangements on a quarterly basis.</li> </ul>	<b>30.06.20</b>	<b>30.11.20</b>	<p>Due to COVID-19 centres have all been closed and this action has not been able to be progressed.</p> <p>Management have been engaging with the management boards around the impact of Covid-19 especially about the current financial position and review this on a weekly basis.</p> <p>Funding levels are likely to be reviewed in the coming months which will impact on agreements.</p>
<b>Governance of Community Organisations (May 2020)</b>	<p><b>Adequacy of Monitoring Arrangements (Amber)</b> Management should ensure that:</p> <ul style="list-style-type: none"> <li>• appropriate contingency arrangements are put in place in the event that the Development Officer is absent for an extended period of time, including development of operational guidance;</li> <li>• the monitoring process is updated to reflect revised KPIs and activities; and</li> <li>• once outcomes have been agreed, a wider range of sample checks are carried out within the quarterly review with management oversight.</li> </ul>	<b>30.06.20</b>	<b>30.11.20</b>	<p>This is linked to the creation and monitoring of outcomes action above which has been impacted by COVID-19.</p>

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR**

**SECTION 5**

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 31 August 2020.

<b>Audit Year</b>	<b>Total Agreed Actions</b>	<b>Total Actions Completed</b>	<b>Total Current Actions Not Yet Due*</b>		
			<b>Red</b>	<b>Amber</b>	<b>Green</b>
2013/2014	116	116	0	0	0
2014/2015	77	77	0	0	0
2015/2016	52	52	0	0	0
2016/2017	66	66	0	0	0
2017/2018	53	49	0	0	4
2018/2019	45	39	0	1	5
2019/2020	34	18	0	15	1
<b>Total</b>	<b>443</b>	<b>417</b>	<b>0</b>	<b>16</b>	<b>10</b>

\*This part of the table sets out the total number of current actions not yet due at the date of the follow up report. The AMBER actions are included in Section 3 of the follow up report.