

A meeting of the Audit Committee will be held on Tuesday 10 January 2023 at 3pm.

Members may attend the meeting in person or via remote online access. Webex joining details will be sent to Members and officers. Members are requested to notify Committee Services by 12 noon on Monday 9 January 2023 how they intend to access the meeting.

In the event of connectivity issues, Members are asked to use the *join by phone* number in the Webex invitation and as noted above.

Please note that this meeting will be live-streamed via YouTube with the exception of any business which is treated as exempt in terms of the Local Government (Scotland) Act 1973 as amended.

Further information relating to the recording and live-streaming of meetings can be found at the end of this notice.

IAIN STRACHAN
Head of Legal & Democratic Services

BUSINESS

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PERFORMANCE MANAGEMENT	
2. Internal Audit Progress Report – 26 September to 25 November 2022 Report by Interim Director Finance & Corporate Governance	p
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<p>The documentation relative to the following item has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information being that set out in paragraphs 1, 3 and 14 of Part I of Schedule 7(A) of the Act.</p>	
<p>6. PERFORMANCE MANAGEMENT</p> <p>Appendix relative to Item 2 providing information on special investigations</p>	<p>p</p>

The reports are available publicly on the Council's website and the minute of the meeting will be submitted to the next standing meeting of the Inverclyde Council. The agenda for the meeting of the Inverclyde Council will be available publicly on the Council's website.

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<p>Enquiries to – Lindsay Carrick - Tel 01475 712114</p>
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Report To:	Audit Committee	Date:	10 January 2023
Report By:	Interim Director Finance and Corporate Governance	Report No:	AC/01/23/AP/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 26 SEPTEMBER TO 25 NOVEMBER 2022

1.0 PURPOSE

- 1.1 For Decision For Information/Noting
- 1.2 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.
- 1.3 The Monitoring Report from 26 September to 25 November 2022 is attached at Appendix 1 since its content is essential to the understanding of the Council's control environment.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 26 September to 25 November 2022.

Alan Puckrin
Interim Director
Finance and Corporate Governance

3.0 BACKGROUND AND CONTEXT

- 3.1 In February 2022, the Audit Committee approved the Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2022-23.
- 3.2 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.
- 3.3 There were no internal audit reports finalised since the last Audit Committee meeting in October 2022.
- 3.4 The 2022/23 audit plan is now underway and the current status is as follows:

Stage	Number of Reports
Final Report	2
Draft Report	2
Fieldwork Complete – report N/A	0
Fieldwork Complete	1
Fieldwork in Progress	4
Planning	3
Not started/Deferred	3
Total	15

- 3.5 Due to staff capacity, work in relation to corporate fraud reviews and investigations has been reprioritised to ensure resource is focussed on the highest risk areas in the meantime.
- 3.6 In relation to internal audit action plans there were no actions due for completion by 31 October 2022. The current status report is attached at Appendix 2.
- 3.7 An update on the current status of GREEN audit action plans was provided to the October meeting of the Audit Committee. It is intended that a further report on the status of GREEN actions will be provided to the April 2023 meeting.
- 3.8 The CMT has reviewed and agreed the current status of actions.

4.0 PROPOSALS

- 4.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 26 September to 25 November 2022.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)	X		
Equalities & Fairer Scotland Duty		X	
Children & Young People's Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

5.2 Legal/Risk

Where delays arise in delivering the Internal Audit Plan, there is a risk that this may result in an inability to provide a reasonable level of assurance over the Council's system of internal control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is therefore made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

5.3 Strategic

This report relates to strong corporate governance.

6.0 CONSULTATIONS

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

7.0 LIST OF BACKGROUND PAPERS

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



**Audit Committee Report
Report on Internal Audit Activity from
26 September to 25 November 2022**

Section	Contents	Page
1	Audit work undertaken in the period	1
2	Audit Plan for 2022-2023 – progress to 25 November 2022	2
3	Corporate Fraud Activity	3
4	Ad hoc activities undertaken since the previous Audit Committee	4

1 Audit work undertaken in the period

Reports issued since last update

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

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

Red	<ul style="list-style-type: none"> In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. Corrective action must be taken and should start immediately. Overseen to completion by Corporate Management Team.
Amber	<ul style="list-style-type: none"> 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. Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe. Overseen to completion by Head of Service.
Green	<ul style="list-style-type: none"> 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. Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA). Managed by service owner.

1.3 There were no audit reviews finalised since the October Audit Committee.

Other activities

Risk Management

1.4 Risk Management is the subject of separate reporting to Audit Committee and a full report on risk management activity 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 Audit Plan for 2022/2023 – Progress to 25 November 2022

Planned Audit Coverage	Not started	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
Risk-Based Reviews								
Residential Care – Children’s Services (b/f)		✓	✓	✓	✓	✓	✓	October 2022
Workforce Planning Arrangements		✓	✓	✓	✓	✓	✓	October 2022
Supplier Management		✓	✓					
Cyber Security Arrangements		✓	✓	✓	✓	✓		
Freedom of Information Arrangements		✓	✓	✓	✓	✓		
Climate Change – Utilities Management		✓	✓	✓				
Limited Scope Financial Reviews								
Debt Recovery	✓							
Project Assurance Reviews								
Learning Disability Hub (b/f from 2021-22)		✓	✓	✓				
Swift Replacement System (Social Work IT System)		✓						
Corporate Fraud Reviews								
Discretionary Payments	Fieldwork is complete. Draft findings being prepared for discussion with management.							
Client Accounts – Quarterly Checks	Quarterly checks underway.							
Catering – Quarterly Stock Checks	Not yet started.							
Education Establishment Placing Requests	Validity checks are underway.							
Regularity Audits								
Education CSA		✓						
Corporate Purchase Cards – Quarterly Checks	Not yet started.							
Corporate Governance								
Annual Governance Statement 2021-22	Complete - Input provided by CIA.							
Other Work								
Council Tax Reduction Scheme/Discounts/Exemptions	Checks are carried out to establish the validity of discounts and exemptions – see section 4.							
National Fraud Initiative	20/21 Exercise is complete – see section 4 of report for more information.							
Carry forward from 2021/22 Audit Plan	Reports finalised in relation to Self-Directed Support; Public Protection: Covid-19 Response and Employee Expenses.							
Inverclyde IJB	40 days allocated to IJB audit plan. Two audits are planned which are scheduled to be completed between November 2022 and March 2023.							

3 Corporate Fraud Activity

- 3.1 The undernoted table sets out progress to date on corporate fraud activity in the period 26 September to 25 November 2022:

National Fraud Initiative Exercise					
In relation to the 2022/2023 Exercise, the relevant datasets have been uploaded by relevant services by the required deadline. It is anticipated that matches will be received in early 2023 for review and investigation as appropriate.					
The Council Tax Single Person Discount recheck exercise was refreshed in May 2022 and the results to date are as follows:					
Matches received	Number investigated	No issues	Fraud	Error	Value of Fraud/Error
5947	1123	1090	29	4	£28,508.45
Discretionary Payments – 2022-2023					
Fieldwork is complete. Draft findings being prepared for discussion with management.					
Client Money Accounts Quarterly Checks – 2022-2023					
Quarterly checks are underway.					
Catering – Quarterly Stock Checks – 2022-2023					
Not yet started.					
Education Establishment Checks 2022-2023					
Validity confirmation checks are underway.					

- 3.2 The team continues to investigate whistleblowing and other enquiries in relation to DWP benefit, blue badge, and Council Tax referrals. Since 1 April 2022 these enquiries have resulted in the identification of overpayments of council tax discounts and exemptions of £18,283.53.

- 3.3 The team is also progressing whistleblowing and other enquiries as follows:

File Ref	Description	Status
22/16	Potential discrepancy in school funds.	Draft report issued to management for comment.
22/50	Loss of Council Funds.	Final report issued to management together with recommendations for improvement. See Section 6 for further details.
22/52	Allegation that one organisation is being favoured over other organisations.	Ongoing investigation.

4 Ad hoc activities undertaken since the previous Audit Committee

- 4.1 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.
- 4.2 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 3.2 to 3.3 of the report.
 - Provision of ongoing advice and support to services.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
AT 31 OCTOBER 2022

Summary: Section 1 Summary of Management Actions due for completion by 31/10/2022

There was one action due for completion by 31 October 2022 which has been reported as complete by management.

Section 2 Summary of Current Management Actions Plans at 31/10/2022

At 31 October 2022 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/10/2022

At 31 October 2022 there were 8 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 October 2022 there were 3 audit action points where the original due date 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 31.10.2022**

SECTION 1

Directorate	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*
Health and Social Care Partnership (HSCP)	0	0		
Education, Communities and Organisational Development	1	1		
Environment, Regeneration & Resources	0	0		
Total	1	1		

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

In addition, one action due for completion by 30 November has been updated as follows:

Description	Original Due Date	Due Date	Status
<p>Compliance with Records Retention and Disposal Policy (Amber) Management will develop a formal plan to organise the annual disposal of homelessness case files which have reached the prescribed retention period, including records which are held electronically.</p>	31-Mar-2022	30-Nov-2022*	<p>Hard copy files are now securely stored and labelled with dates of disposal. Business Support require to identify permanent storage facility for archiving of hard copy files going forward.</p> <p>There is a date in the diary for March 2023 for undertaking year end processes including archiving and disposal of both hard and electronic files and a further date is in the diary for end of April 2023 to confirm completion of all tasks.</p> <p>Internal Audit comment: Files have been brought up to date and a plan is now in place so risk level has reduced. The action will be monitored as a GREEN action with a revised action date of 30 April 2023.</p>

**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 31.10.2022**

SECTION 2


CURRENT ACTIONS BY DIRECTORATE

HSCP	
Due for completion January 2023	1
Due for completion February 2023	1
Due for completion March 2023	1
Total Actions	3
Education, Communities and Organisational Development	
Due for completion June 2023	2
Total Actions	2
Environment Regeneration and Resources	
Due for completion March 2023	1
Total Actions	1
Total current actions:	6


**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 31.10.2022**




SECTION 3

P Education Control Self-Assessment (Report Issued January 2020)

Description	Status	Original Due Date	Due Date	Assigned To
Inefficient Use of ICT Systems (Amber) Once the pilot has been completed, the corporate transition will be implemented for the remaining schools.		14-Aug-2020	30-Jun-2023*	Head of Education
In addition, staff will be given corporate e-mail address access and use of corporate printers.		14-Aug-2020	30-Jun-2023*	Head of Education

P Homelessness (Report Issued August 2021)

Description	Status	Original Due Date	Due Date	Assigned To
Adequacy of policies and procedures (Amber) Management will: <ul style="list-style-type: none"> Update the rent management policy and procedures and obtain CMT and committee approval as appropriate; review the arrangements for implementation and reporting of the Rent Management Policy; set a date to finalise its review of Homelessness assessment, housing support and case handling procedures; and ensure that version control is consistently and fully applied to all Homelessness policies and procedures. 		31-Mar-2022	31-Mar-2023*	Service Manager (Homelessness and Addictions)


Action Status	
	Overdue
	In Progress
	Completed

* See 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 31.10.2022**




SECTION 3

P Residential Care – Children’s Homes (Report Issued August 2022)

Description	Status	Original Due Date	Due Date	Assigned To
Adequacy of procedural guidance (Amber) Management will ensure that step by step guidance for new and existing staff is developed in partnership with the three homes and a copy retained at all homes; Management will ensure that the induction process is updated to ensure all new staff know where to access the guidance.		31-Jan-2023	31-Jan-2023	Team Lead, Children’s Residential & After Care Services
		28-Feb-2023	28-Feb-2023	Home Manager/Depute Manager

P Employee Expenses (Report Issued August 2022)

Description	Status	Original Due Date	Due Date	Assigned To
Excess Mileage Claims (Amber) HR will issue a reminder regarding home to work mileage and update the hybrid working guidance.		31-Oct-2022	31-Oct-2022	Head of OD, Policy and Communications
High Mileage Claims (Amber) The service will carry out a refreshed value for money study that takes into account the current situation and will make recommendations accordingly.		31-Mar-2023	31-Mar-2023	Head of Roads and Transportation

Action Status	
	Overdue
	In Progress
	Completed

**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
Education CSA (January 2020)	Inefficient Use of ICT Systems (Amber) Once the pilot has been completed, the corporate transition will be implemented for the remaining schools.	14.08.20	30.06.23	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 which is dependent on Education and ICT having capacity to carry out individual audits of needs in each establishment. This requires full access to the buildings and the current Covid situation is making this more difficult to carry out. As part of the new Education Services digital strategy which was approved by Education Committee in November 2021, alongside the changes that ICT propose in the wider council digital strategy, Education Services will investigate moving away from the current networks to an alternate cloud based approach. Storage of sensitive or more confidential information would hopefully be able to be moved to a secure cloud based approach. A solution using the M365 platform has been identified which will be in place by August 2022. Deployment of the platform will then start with an anticipated completion date of June 2023.
	In addition, staff will be given corporate e-mail address access and use of corporate printers.	14.08.20	30.06.23	

**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
Homelessness (August 2021)	<p>Adequacy of policies and procedures (Amber) Management will:</p> <ul style="list-style-type: none"> • Update the rent management policy and procedures and obtain CMT and committee approval as appropriate; • review the arrangements for implementation and reporting of the Rent Management Policy; • set a date to finalise its review of Homelessness assessment, housing support and case handling procedures; and • ensure that version control is consistently and fully applied to all Homelessness policies and procedures. 	<p>31.03.22 30.11.22</p>	31.03.23	<p>The rent management policy is still in progress. The team is still working through arrears. Monthly meeting in place with key staff and identified actions. There is a need to accelerate process to deal with level of historical arrears. Work now done to prevent new arrears in place.</p> <p>Review of procedures is now complete. Scheduled reports from SWIFT and regular caseload reviews ensures governance in place for monitoring.</p> <p>In relation to version control all standard operating procedures are recorded on central log. The team is currently in the process of updating and developing a number of standard operating procedures. Care governance meeting overseen by Head of Service will ratify the procedures.</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 October 2022.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2016/2017	66	66	0	0	0
2017/2018	53	50	0	0	3
2018/2019	45	40	0	0	5
2019/2020	43	41	0	2	0
2020/2021	36	31	0	1	4
2021/2022	24	18	0	1	5
2022/2023	11	8	0	2	1
Total	278	254	0	6	18

*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.

Report To:	Audit Committee	Date:	10 January 2023
Report By:	Interim Director Finance and Corporate Governance	Report No:	AC/02/23/AP/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	EXTERNAL AUDIT ACTION PLANS - CURRENT ACTIONS		

1.0 PURPOSE

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to advise members of the status of current actions from External Audit Action Plans at 31 October 2022.

2.0 RECOMMENDATIONS

2.1 It is recommended that members note the progress to date in relation to the implementation of external audit actions.

Alan Puckrin
Interim Director
Finance and Corporate Governance

3.0 BACKGROUND AND CONTEXT

- 3.1 External Audit regularly report findings and action plans to relevant Council Officers and the Audit Committee as part of their annual audit plan.
- 3.2 A follow up process is in place to allow follow up of current external audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.
- 3.3 The Chief Internal Auditor co-ordinates follow up reporting on current actions arising from External Audit Action Plans on a monthly basis with regular reporting to CMT and the Audit Committee.
- 3.4 There were no actions due for completion by 31 October 2022. The report has been updated to reflect the actions arising from the Annual Report to Members on the 2021/22 Audit.
- 3.5 There are 4 current external audit actions being progressed by officers. These are set out in the status report at Appendix 1.

4.0 PROPOSALS

- 4.1 The Audit Committee is asked to note the progress to date in relation to the implementation of external audit actions

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)	X		
Equalities & Fairer Scotland Duty		X	
Children & Young People's Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

5.2 Legal/Risk

There is a risk that failure to implement agreed audit actions in a timely manner could result in an inability to provide a reasonable level of assurance over the Council's system of internal control to those charged with governance.

5.3 Strategic

This report relates to strong corporate governance.

6.0 CONSULTATIONS

- 6.1 Relevant Officers were asked to provide updates to the report as appropriate.

7.0 LIST OF BACKGROUND PAPERS

- 7.1 External Audit reports. Copies available from Andi Priestman, Chief Internal Auditor.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
AT 31 OCTOBER 2022

Summary: Section 1 Summary of Management Actions due for completion by 31/10/2022

There were no actions due for completion by 31 October 2022.

Actions have been refreshed for the Annual Report to Members relating to the 2021/22 Audit.

Section 2 Summary of Current Management Actions Plans at 31/10/2022

At 31 October 2022 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/10/2022

At 31 October 2022 there were 4 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 October 2022 there were no audit action points where the agreed deadline has been missed.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.10.2022

SECTION 1

Area	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
Chief Executive	0				
Environment, Regeneration and Resources	0				
Health and Social Care Partnership (HSCP)	0				
Education and Communities	0				
Total	0				

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

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 31.10.2022

SECTION 2





CURRENT ACTIONS BY DIRECTORATE

Environment, Regeneration and Resources	
Due for completion June 2023	2
Due for completion April 2026	1
Total Actions	3
Education, Communities and Organisational Development	
Due for completion March 2023	1
Total Actions	1
Total current actions:	4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 31.10.2022

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
Annual Report to Members on the 2021/22 Audit (November 2022)				
Heritage Assets Valuation review (New) Officers within Finance and Cultural Services will progress a revaluation of the heritage assets prior to the closure of the 2022/23 Accounts.		30-Jun-2023	30-Jun-2023	Interim Director Finance & Corporate Governance/ Corporate Director, Education, Communities & OD
Estimation and judgement disclosure (B/f) A review has not been carried out for the 2021/22 Accounts due to limited time and resource. A review will be progressed taking into account the approach taken by other Councils.		30-Jun-2023	30-Jun-2023	Finance Manager (Environment & Technical)
Internal Controls (B/f) Management will carry out a review and ensure appropriate controls are implemented on a timely basis to address the reported weakness.		31-Mar-2023	31-Mar-2023	Head of OD, Policy & Communications
Local Development Plan (B/f) The preparation of the LDP will commence in February 2023 and be complete in April 2026.		30-Apr-2026	30-Apr-2026	Interim Director, Environment & Regeneration

Action Status



Overdue



In Progress



Completed

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
There are no current actions where the original action date has been missed.				

Report To:	Audit Committee	Date:	10 January 2023
Report By:	Interim Director Finance and Corporate Governance	Report No:	AC/04/23/AP/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	CIPFA AUDIT COMMITTEE GUIDANCE – 2022 UPDATE		

1.0 PURPOSE

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to advise members of the updated CIPFA guidance on Audit Committees within Local Authorities.

2.0 RECOMMENDATIONS

2.1 It is recommended that members note the updated guidance for Audit Committees and agree to complete the self-evaluation questionnaire, the results of which will, together with officers' review of the updated guidance, inform an action plan which will be reported to the next meeting of the Committee for consideration and approval.

Alan Puckrin
Interim Director
Finance and Corporate Governance

3.0 BACKGROUND AND CONTEXT

3.1 CIPFA guidance for Audit Committees was updated in October 2022 in the publication “Audit Committees: Practical Guidance for Local Authorities and Police” (2022 Edition). This publication represents CIPFA’s view of best practice for audit committees in local authorities throughout the United Kingdom. The 2022 version contains some appendices, including:

- Self-Assessment of Good Practice; and
- Evaluating the impact and effectiveness of the Audit Committee.

3.2 These appendices set out key areas for self-assessment and evaluation including Audit Committee Purpose and Governance; Functions of the Audit Committee; Membership and Support; and Effectiveness of the audit committee.

3.3 This CIPFA publication also includes a 2022 Position Statement on Audit Committees in local authorities which sets out roles and responsibilities and good practice principles for audit committees. In particular, CIPFA is clear that Audit Committees are a key component of an authority’s governance framework, their purpose being to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The Position Statement also sets out the core functions of an audit committee being as follows:

- Maintenance of governance, risk and control arrangements;
- Financial and governance reporting; and
- Establishing appropriate and effective arrangements for audit and assurance.

3.4 CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective Audit Committee arrangements.

3.5 It is important that the Council’s Audit Committee demonstrates a high level of compliance with best practice guidance on Audit Committees in order to ensure that it can evidence its effectiveness as a scrutiny body and as a foundation for strong corporate governance.

4.0 PROPOSALS

4.1 It is recommended that Members note the updated guidance for Audit Committees and agree to complete the self-evaluation questionnaire, the results of which will, together with officers’ review of the updated guidance, inform an action plan which will be reported to the next meeting of the Committee for consideration and approval. A copy of the self-assessment questionnaire is annexed to this report. A copy of the updated CIPFA guidance will be shared with Members of the Committee in advance of the meeting.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)	X		
Equalities & Fairer Scotland Duty		X	
Children & Young People’s Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

5.2 Legal/Risk

The review of the updated guidance will ensure that the Audit Committee will maximise the opportunity for effective scrutiny and to fulfil its governance role.

5.3 Strategic

This report relates to strong corporate governance.

6.0 CONSULTATIONS

6.1 Relevant Officers were asked to provide updates to the report as appropriate.

7.0 LIST OF BACKGROUND PAPERS

7.1 CIPFA Guidance on Audit Committees 2022. Copies circulated to Audit Committee Members.

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:																									
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 																									
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 																									
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 																									
Functions of the committee																									
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?																									
Governance arrangements																									
Risk management arrangements																									
Internal control arrangements, including:																									
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 																									
Annual governance statement																									
Financial reporting																									
Assurance framework																									
Internal audit																									
External audit																									
10 Over the last year, has adequate consideration been given to all core areas?																									
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?																									
12 Has the committee met privately with the external auditors and head of internal audit in the last year?																									

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				

Membership and support

13 Has the committee been established in accordance with the 2022 guidance as follows?																				
<ul style="list-style-type: none"> Separation from executive 																				
<ul style="list-style-type: none"> A size that is not unwieldy and avoids use of substitutes 																				
<ul style="list-style-type: none"> Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 																				
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?																				
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?																				
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?																				
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?																				
18 Is adequate secretariat and administrative support provided to the committee?																				
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?																				

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?																				
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?																				
22 Are meetings effective with a good level of discussion and engagement from all the members?																				
23 Has the committee maintained a non-political approach to discussions throughout?																				

Good practice questions	Partially complies and extent of improvement needed				Fully complies	
	Does not comply	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5	
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?						
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?						
26 Do audit committee recommendations have traction with those in leadership roles?						
27 Has the committee evaluated whether and how it is adding value to the organisation?						
28 Does the committee have an action plan to improve any areas of weakness?						
29 Has this assessment been undertaken collaboratively with the audit committee members?						
Subtotal score						
Total score						
Maximum possible score						200**

** 40 questions/sub-questions multiplied by five.

Report To:	Audit Committee	Date:	10 January 2023
Report By:	Interim Director Finance and Corporate Governance	Report No:	AC/03/23/AP/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	ANNUAL GOVERNANCE STATEMENT 2021/22 – UPDATE ON IMPROVEMENT ACTIONS		

1.0 PURPOSE

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to advise Members of the status of improvement actions arising from the Council's 2021/22 Annual Governance Statement.

2.0 RECOMMENDATIONS

2.1 It is recommended that members note the progress to date in relation to the implementation of the improvement actions identified in the 2021/22 Annual Governance Statement and that a further update on progress will be presented to the April 2023 Audit Committee.

Alan Puckrin
Interim Director
Finance and Corporate Governance

3.0 BACKGROUND AND CONTEXT

- 3.1 The Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE) set the standard for local authority governance in the UK. The Framework was updated in 2016 and has applied to Annual Governance Statements prepared for the financial year 2016/17 onwards.
- 3.2 The revised Framework assists local government in taking responsibility for developing and implementing an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist local authorities to review and account for their own approach to governance.
- 3.3 In order to demonstrate its commitment to sound governance, the Council publishes a governance statement on an annual basis.
- 3.4 The Annual Governance Statement is the formal statement that recognises, records and publishes the Council's governance arrangements as defined in the CIPFA/SOLACE Framework.
- 3.5 The Annual Governance Statement is based on the annual self-assessment exercise undertaken by Heads of Service against key aspects of the Council's Local Code of Good Governance.
- 3.6 As part of the AGS exercise for 2021/22 there were 7 improvement actions identified. There were 4 improvement actions due to be completed by 31 October, none of which have been completed. The 7 improvement actions and their current status are set out at Appendix 1.

4.0 PROPOSALS

- 4.1 The Annual Governance Statement for 2021/22 identified 7 improvement actions which are set out at Appendix 1 together with the current status.
- 4.2 The Audit Committee is asked to note the progress to date in relation to the implementation of the improvement actions identified in the Annual Governance Statement for 2021/22 and that a further update on progress will be presented to the April 2023 Audit Committee.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk	X		
Human Resources		X	
Strategic (LOIP/Corporate Plan)	X		
Equalities & Fairer Scotland Duty		X	
Children & Young People's Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

5.2 Legal/Risk

There is a risk that failure to implement agreed improvement actions in a timely manner could result in an inability to provide a reasonable level of assurance over the Council's system of internal control to those charged with governance.

5.3 **Strategic**

This report relates to strong corporate governance.

6.0 **CONSULTATIONS**

6.1 Relevant Officers were asked to provide updates to the report as appropriate.

7.0 **LIST OF BACKGROUND PAPERS**

7.1 Annual Report and Accounts 2021/22. Copies available from Andi Priestman, Chief Internal Auditor.

Appendix 1

	Where are we now?	Where do we want to be?	How will we know we are getting there?	Who is responsible?	Current Status at 25 November 2022
1	Workforce planning arrangements require to be refreshed in a number of services in order to develop proposals which address wider issues relating to succession planning due to an ageing profile of some staff groups, staff retention challenges and single person dependencies.	Workforce plans are in place which determine future workforce needs and implement solutions to ensure that organisational needs are aligned with the Council's people strategy.	Workforce plans will be reviewed during 2022-2023 to identify any gaps between current and future needs, identifying solutions to ensure the right resources are in place at the right time to deliver the Council's short and longer term objectives.	Corporate Management Team (Supported by Head of OD, Corporate Policy and Communications) 31 March 2023	Service Workforce Plans have been refreshed by all services during 2022 and final versions are currently being sent to HR. These Plans identify future skills requirements and solutions to address skills gaps. An update on service workforce plans will be reported to P&R Committee by March 2023.
2	Discussions are ongoing with key suppliers in some services to determine business continuity arrangements for cyber security risks.	Business continuity arrangements with key suppliers fully consider cyber security risks.	Business continuity plans and service impact analysis documents will be updated during 2022-2023 to reflect cyber security risk mitigations with key suppliers.	Directors (Supported by CRMT/CCS) 30 September 2022 Revised date: 31 March 2023	The review of business continuity plans is undertaken on an annual basis, with the next Council-wide review scheduled for January to March 2023. The Service Business Continuity Template will be adapted to ensure that all service managers formally confirm that this element of resilience has been considered and adopted with key suppliers.

Appendix 1

					As part of the ongoing agreement of contracts with key suppliers, these suppliers provide the Council's procurement team/applicable services with an overview of their cyber resilience arrangements as part of the tendering process to embed resilience.
3	Current service review guidance documentation is being reviewed to ensure this remains fit for purpose in order to improve the Council's efficiency and effectiveness and assist in addressing financial sustainability.	Service review documentation is in place which assists services to improve the efficiency and effectiveness of service quality and processes which continues to ensure ongoing financial sustainability.	Service review guidance documentation will be reviewed and updated during 2022-2023 to reflect best practice guidance for services undertaking service reviews.	Head of OD, Corporate Policy and Communications 31 October 2022 Revised date: 31 March 2023	Service Review guidance document has been reviewed and sessions have taken place with the Extended Corporate Management Team. A summary guidance document is currently being developed and will be issued by 31 March 2023.

4	Processes for document retention and disposal of records are currently being reviewed by the Council's Information Governance Steering Group to ensure the use of EDRMS is maximised within Services.	The use of EDRMS is maximised as far as possible to reduce the reliance on hard copy records and automate retention policy requirements.	The document retention and disposal process will be reviewed by the Information Governance Steering Group. This exercise will incorporate the corporate expansion of the use of EDRMS. A business case for this is being prepared by end October 2022.	Information Governance Group 31 March 2023	Business case will be presented to CMT by 31 January 2023.
5	Some service risk registers were not reviewed on a regular basis during 2021-22 due to other work priorities as a result of Covid.	Service risk registers are reviewed on a regular basis to ensure risk assessments are maintained up to date which will allow directorate and corporate management teams to monitor and report on relevant key risks.	A new process is being developed to incorporate service risk registers within the Pentana system. This will include an automated reminder for risk owners to carry out a review of service risk registers to ensure risk assessments are maintained up to date and there is regular reporting to directorate and corporate management teams on the status of key risks.	Directors (Supported by Chief Internal Auditor) 31 October 2022 Revised date: 31 March 2023	All service risk registers have been reviewed and updated by 31 October 2022. The new process for managing risk registers through Pentana is under development and will be in place by 31 March 2023. This will require training of risk owners on the new process to update Risks on Pentana and generate relevant reports.

Appendix 1

<p>6</p>	<p>BCS framework has been developed and is being implemented within all Education establishments as part of the move over to the corporate network. The pilot exercise was undertaken however the rollout to remaining schools was halted as a result of responding to COVID-19.</p>	<p>Business Classification Scheme is fully implemented within all Education establishments.</p>	<p>A revised schedule was discussed with ICT. An update was provided to the June 2022 meeting of the Audit Committee as this is an outstanding audit action.</p> <p>A solution using the M365 platform has been identified which will be in place by August 2022. Deployment of the platform will then start with an anticipated completion date of June 2023.</p>	<p>Corporate Director, Education, Communities and Organisational Development</p> <p>30 June 2023</p>	<p>On track.</p>
<p>7</p>	<p>An assessment has been undertaken by officers of compliance with the CIPFA Financial Management Code which confirms that the Council is compliant with the main aspects of the Code. This needs to be formally adopted by the Council.</p>	<p>The Council has formally adopted the CIPFA Financial Management Code.</p>	<p>A report will be presented to Audit Committee then to Policy and Resources Committee highlighting the CIPFA Financial Management Code and the formal adoption of the Code by the Council.</p>	<p>Interim Director, Finance and Governance</p> <p>30 November 2022</p> <p>Revised date: 31 January 2023</p>	<p>Will now go to P&R Committee on 31 January 2023.</p>