

A meeting of the Audit Committee will be held on Tuesday 9 January 2024 at 3pm.

Members may attend the meeting in person or via remote online access. Webex joining details have been sent to Members and officers. Members are requested to notify Committee Services by 12 noon on Monday 8 January 2024 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.

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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, Digital & Customer Services

BUSINESS

1. Apologies, Substitutions and Declarations of Interest	Page
PERFORMANCE MANAGEMENT	
2. Internal Audit Progress Report – 2 October to 1 December 2023 Report by Head of Legal, Democratic, Digital & Customer Services	p
3. External Audit Action Plans – Current Actions Report by Head of Legal, Democratic, Digital & Customer Services	p
NEW BUSINESS	
4. Corporate Risk Register Report by Head of Legal, Democratic, Digital & Customer Services	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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Enquiries to – Lindsay Carrick - Tel 01475 712114

Report To:	Audit Committee	Date:	9 January 2024
Report By:	Head of Legal, Democratic, Digital & Customer Services	Report No:	AC/01/24/IS/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	INTERNAL AUDIT PROGRESS REPORT – 2 OCTOBER TO 1 DECEMBER 2023		

1.0 PURPOSE AND SUMMARY

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 2 October to 1 December 2023 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 2 October to 1 December 2023.

Iain Strachan
Head of Legal, Democratic, Digital & Customer Services

3.0 BACKGROUND AND CONTEXT

3.1 In April 2023, the Audit Committee approved the Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2023-24.

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 2 internal audit reports finalised since the last progress update to Audit Committee:

- Corporate Purchase Cards – Quarterly Checks
- Attendance Management

3.4 These reports contained 9 issues categorised as follows:

Red	Amber	Green
1	6	2

3.5 The 2023/24 audit plan is now underway and the current status is as follows:

Stage	Number of Reports
Final Report	3
Draft Report	0
Fieldwork Complete – report N/A	0
Fieldwork Complete	0
Fieldwork in Progress	6
Planning	2
Not Started	4
Deferred	1
Total	16

3.6 In relation to the audit of ASN Transport, detailed planning has been undertaken, however fieldwork will be deferred to 2024/25 due to an internal review currently being undertaken by management.

3.7 In relation to internal audit action plans there were 5 actions due for completion by 31 October 2023. Four actions are now complete and the completion date relating to one action has been revised. The current status report is attached at Appendix 2.

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 2 October to 1 December 2023.

5.0 IMPLICATIONS

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

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

5.2 Financial Risk

There are no financial implications arising directly from this report.

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					

5.3 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.

5.4 Human Resources Risk

There are no human resources implications arising directly from this report.

5.5 Strategic

This report helps ensure strong governance, and its findings will help support delivery of the Council Plan adopted by Inverclyde Council on 20 April 2023, and in particular outcome theme 3: Performance, with the Council seeking to provide high quality and innovative services that deliver value for money.

6.0 CONSULTATION

6.1 Relevant officers have been consulted on the report.

7.0 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
2 October to 1 December 2023**

Section	Contents	Page
1	Audit work undertaken in the period	1
2	Summary of main findings from reports issued since previous Audit Committee	2-6
3	Audit Plan for 2023-2024 – progress to 1 December 2023	7
4	Corporate Fraud Activity	8
5	Ad hoc activities undertaken since the previous Audit Committee	9

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 2 audit reviews finalised since the progress update to 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 reviews.

Reports finalised since previous Audit Committee	Grading			Total Number of Issues
	Red	Amber	Green	
Corporate Purchase Cards – Quarterly Checks	0	2	1	3
Attendance Management	1	4	1	6
Total	1	6	2	9

Internal Audit Action Plan Follow Up

1.4 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 29 September 2023.

Corporate Purchase Cards – Quarterly Checks (October 2023)

- 2.2 This audit was conducted between April and August 2023 in accordance with the 2023/24 Internal Audit Plan, as agreed by the Inverclyde Council Audit Committee.
- 2.3 Corporate purchase cards are commonly used by various organisations as a means of paying for a wide range of goods and services. Purchase cards provide designated users across Services with a simple and familiar method of payment. In turn, purchase cards reduce the need to raise purchase orders and facilitate online purchasing. However, the delegated nature of this method of payment requires the consistent application of robust and appropriate internal controls within each Service.
- 2.4 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 use of corporate purchase cards.
- 2.5 The review focused on the high-level processes and procedures in relation to corporate purchase cards and concentrated on identified areas of perceived higher risk, such as not adequately recording expenditure and not completely validating monthly purchase card statements.
- 2.6 The overall control environment opinion for this audit review was Satisfactory. There were 2 AMBER issues identified as follows:

VAT guidance for users of corporate purchase cards (Amber)

The cost of most goods and services includes 20% Value Added Tax (VAT) and the Council can reclaim this tax when corporate purchase cardholders correctly record transactions and obtain valid VAT receipts. Cardholders must have an adequate understanding of how to correctly process and evidence transactions which include VAT.

The audit identified that there is no detailed guidance within the corporate purchase card procedures regarding the required treatment of transactions which include VAT. Through audit testing of 48 transaction logs, we found that 7 of them contained entries where VAT had not been correctly identified and which amounted to £1,603.11.

In the absence of appropriate purchase card guidance, there is a risk that the Council does not reclaim VAT incurred on eligible transactions.

Consistently recording and validating corporate purchase card transactions (Amber)

Corporate purchase card holders must validate all transactions shown on their monthly statements and maintain a log of transactions. However, through audit testing of 30 transaction logs, we found 19 of them were not signed-off by supervisors, partly due to the lack of a standard transaction log. Only 11 transaction logs prompted for sign-off by cardholders and their supervisors. In addition, through our testing of 30 monthly purchase card statements, we found that 17 statements were not signed-off by supervisors, a requirement of the procedures.

It is more difficult to promote and evidence the consistent validation of monthly purchase card statements in the absence of a standard transaction log aligned to the purchase card procedures.

Purchase card transactions may not be adequately authorised or flagged for investigation whenever monthly statements are not signed-off by supervisors.

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

- 2.7 The review identified 3 issues, 2 of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2024.

Attendance Management (November 2023)

- 2.8 Supporting Employee Attendance is important to ensure that all absences from work are appropriately managed and those who absent are supported accordingly. Inverclyde Council's Supporting Employee Attendance policy aims to ensure that all services are delivered efficiently and effectively and as an employer, Inverclyde Council has a duty to respond to actual and potential problems arising from absence levels in relation to service delivery and staff wellbeing. The policy aims to place emphasis on the comprehensive range of services established to help employees return to work and to ensure that all employees are treated fairly and consistently.
- 2.9 Compliance with Inverclyde Council's Supporting Employee Attendance Policy and Procedure requires managers to actively monitor and report the attendance level of their staff on an ongoing basis which enables emerging trends to be identified to allow early action to be taken to prevent absence or health issues from developing into potentially longer-term problems.
- 2.10 Inverclyde Council's average non-attendance target is currently 9 days. For 2021/22, the total number of work days lost per FTE employee was 8.29 days and for 2022/23 the total number of work days lost per FTE employee was 10.4 days.
- 2.11 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 over the key risks faced by Inverclyde Council in relation to attendance management.
- 2.12 The audit was carried out between June and September 2023 in accordance with the 2023/24 Annual Audit Plan and focussed on the high-level processes and procedures in relation to attendance management and concentrated on identified areas of perceived higher risk such as ensuring that absences were completely and accurately handled in a timely manner in line with the Supporting Employee Attendance Policy and Procedure and that management actions required under the Supporting Employee Attendance Policy and Procedure were carried out completely and accurately and in a timely manner.
- 2.13 The overall control environment opinion for this audit review was **Requires Improvement** due to systemic control weaknesses in the attendance management process. One Red and 4 Amber issues were identified as follows:

Inefficient process for the notification, recording and monitoring of absences (Red)

As part of the Supporting Employee Attendance Policy and Procedure, management should actively monitor, record and report any absences as soon as they occur to ensure that attendance management is appropriately managed.

However, through walkthroughs of the current process for notification and recording of an absence within 4 services across the Council, it was identified that due to system constraints within Chris21, a multi-step manual process is in place to notify, record and monitor absences which is not efficient or timely and impacts on the completeness and accuracy of absence management information.

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

Specific issues were identified as follows:

- The relevant manager/team leader/supervisor emails details of the absence to the relevant absence co-ordinator within the Service who in turn completes an absence start form for the employee which is then sent to Payroll for updating on Chris21.
- Due to how the system has been configured, the information from the absence start form cannot be input to Chris21 without the finish form as the system currently prevents the user from progressing to the next field without an end date. At the time of the audit there were 76 absence start forms which had not been processed on Chris21. This impacts the ability to assess the entitlement to Statutory Sick Pay or Occupational Sick Pay for the absent employee and the audit identified that there have been some cases where there has been an overpayment of pay due to delays in receiving relevant forms for staff who have less than 26 weeks of service or are no longer entitled to Statutory Sick Pay or Occupational Sick Pay. We were unable to identify the extent of overpayments as a log is not maintained but management have advised that the volume of cases is low.
- For an absence of more than 7 days, the employee must produce a Statement of Fitness For Work form from their GP which instructs Payroll Services to assess payment of statutory sick pay or occupational sick pay. The audit identified that often Payroll Services have to pursue the Finish form from services where no Statement of Fitness Form Work form has been sent into Payroll Services after 7 days of absence which delays the process and can result in overpayments arising.
- For long term absences, Payroll staff record these absences using the next corresponding 4 weekly pay run date as the end date to work out Statutory or Occupational Sick Pay due for each absent member of staff. The end date entered is a predicted date and not an actual end date which Payroll staff continue to amend when each additional Statement of Fitness for Work is received from the services until a finish form is received to end the absence.

Inefficiencies in this process has led to duplication of effort. Where there is a delay from services, there is a risk that the absence recording process is not carried out in a timely manner which may impact on the accuracy of entitlement to statutory sick pay and overpayments may occur. In addition, service managers cannot rely on absence information being up to date.

Where the manual process in place for notifying and recording an absence involves the handling of personally sensitive data by multiple staff members, there is a risk that the process may not be compliant with GDPR requirements.

Attendance Management Training (Amber)

To comply with this policy and related procedure, service managers and team leaders must attend mandatory attendance management training. Inverclyde Council's senior management's mandatory training matrix includes a one-day face to face training course on Supporting Employee Attendance which should be repeated every 3 years. In addition, all relevant managers should complete the Council's Supporting Employee attendance e-learning training course which became available on Inverclyde Learns in 2021.

However, to date, a total of 15 managers across all Council's services have completed the e-learning training and 14 managers are in the process of completing this module. There was an older e-learning module from 2013-2021 but the completion rates across the services are no longer available.

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

Supporting Attendance management face to face training is also offered through the course booker and advertised by the Organisational Development team. Face to face supporting attendance management training has been undertaken for Heads of Establishments within Education Services and is ongoing for new managers within Care at Home.

Where training in relation to attendance management has not been carried out, there is a risk that managers may not carry out processes in a consistent manner resulting in non-compliance with the Council's Supporting Employee Attendance policy.

Where training in relation to attendance management has not been carried out, there is a risk that managers may not carry out processes in a consistent manner resulting in non-compliance with the Council's Supporting Employee Attendance policy.

Access to Occupational Health Services – Service Self-Referral Process (Amber)

It is a condition of employment that an employee may be required where it is considered necessary or advisable to attend an appointment with the Council's Occupational Health Advisor. The current referral process is carried out by HR and from October 2022 until June 2023, there were 676 referrals made by HR to the Occupational Health Service.

In October 2022, a new external Occupational Health service provider was engaged by Inverclyde Council which would allow managers to self-refer absences where an occupational health referral has been identified. HR's role would then revert to providing advice and support to Services.

However, information requires to be provided to the external provider regarding employee hierarchies across services for update to the new system. Work has started such that some Services are now able to self-refer but the exercise is not yet fully complete as information is outstanding from services within HSCP.

Where there are delays in obtaining information from services, referral processes continue to be undertaken by HR which are inefficient.

Generating absence reports for follow up actions (Amber)

As part of the attendance management process, managers require to monitor staff absences and follow up on any required actions.

There is a facility available within Chris21 for managers to generate absence reports. However, none of the managers within the 4 services reviewed currently have access to generate absence reports from Chris21.

In addition, the audit identified that both Education Services staff and Homecare Services staff use their own recording systems to monitor all absences as they cannot rely on Chris21 to provide up to date information on current absences and ensure absences are closed in a timely manner and relevant actions are undertaken.

However, within Education Services, it was identified that some Heads of Establishment do not always follow up on the outstanding actions within the open absence report in a timely manner. In April 2023, Education Services introduced a new internal procedure in relation to the return to work process where a control is currently being trialled within one school where the Head of Establishment updates a spreadsheet to confirm that the return to work process has been completed.

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

Where managers are unable to access CHRIS21 to generate absence reports, management cannot be confident that the absence records held are complete, accurate and up to date.

Where Heads of Establishment do not follow up on the outstanding actions in a timely manner, there is a risk that the return to work interviews may not be completed in a timely manner to address any absence concerns and maintain good staff attendance.

Security, retention and disposal of attendance management files (Amber)

As part of the audit, walkthroughs were carried out within 4 services. The audit identified that within all 4 services, hard copy files in relation to attendance management are maintained which is not necessary as electronic versions are also maintained by the relevant service or on Chris21.

In addition, for one service, hard copy attendance management documentation relating to staff is held within a lever arch file which was left out on a desk overnight within the service's general office and not held securely. This has now been addressed.

Furthermore, the Council's retention and disposal of electronic/paper documents policy states that absence management files held by services should be retained for one year before being disposed of securely. However through audit testing it was identified that retention policies were not being adhered to by services and both hard and electronic records were being retained for longer than one year.

Where attendance management files are not disposed of on a regular basis, there is a risk that attendance management files are held by services for longer than is necessary which is costly for the Council in terms of physical storage and server space and is not compliant with the Council's Retention and Disposal of documents and Records (paper and electronic) policy and the Data Protection Act.

- 2.14 The review identified 6 issues, 5 of which we consider to be individually significant and an action plan is in place to address all issues by 30 June 2024.

**INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY
FROM 2 OCTOBER TO 1 DECEMBER 2023**

APPENDIX 1

3 Audit Plan for 2023/2024 – Progress to 1 December 2023

Planned Audit Coverage	Not started	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
Risk-Based Reviews								
Supplier Management (b/f from 2022/23)	Deferred to 2024/25 Annual Audit Plan – replaced by Procurement Compliance audit in 2023/24							
Procurement Compliance		✓	✓	✓				
Succession Planning		✓						
Attendance Management		✓	✓	✓	✓	✓	✓	January 2024
Building Standards		✓	✓					
ASN Transport	Planning has been undertaken however due to concurrent management review, fieldwork will be deferred to 2024/25 Annual Audit Plan.							
Commercial Waste Income (Billing and Collection)		✓	✓	✓	✓	✓	✓	October 2023
Limited Scope Financial Reviews								
Non-Domestic Rates		✓	✓	✓				
Advisory Reviews								
Education – Cashless Catering Replacement System		✓	✓	Audit advice and support will be provided to the project.				
UK Shared Prosperity Fund Assurance Arrangements	✓							
Project Assurance Reviews								
Swift Replacement System (Social Work IT System)	Not started - Audit support will be provided at testing and implementation phases of the project.							
Corporate Fraud Reviews								
Employee Expenses	2023-24 checks are underway.							
Client Accounts – Quarterly Checks	2023-24 checks are underway.							
Catering – Quarterly Stock Checks	Not started.							
Education Establishment Placing Requests	Not started.							
Regularity Audits								
Education CSA	✓	✓	✓	✓				
Corporate Purchase Cards – Quarterly Checks	Q3 2023-24 checks are underway. Q1/Q2 report finalised – see section 2 for more information.							
Corporate Governance								
Annual Governance Statement 2022-23	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	22/23 Exercise has started – see section 4 of report for more information.							
Carry forward from 2022/23 Audit Plan	Report finalised: Debt Recovery; Corporate Purchase Cards; Client Accounts.							
Inverclyde IJB	20 days allocated to IJB audit plan. Two advisory reviews have been planned. One is complete.							

4 Corporate Fraud Activity

- 4.1 The undernoted table sets out progress to date on corporate fraud activity in the period 2 October to 1 December 2023:

National Fraud Initiative Exercise					
In relation to the 2022/2023 Exercise, matches relating to the relevant datasets have been received and progress is as follows:					
Matches received*	Number investigated	No issues	Fraud	Error	Value of Fraud/Error
1745	320	315	0	5	£6,205.87
The Council Tax Single Person Discount recheck exercise was refreshed in March 2023 and the results to date are as follows:					
Matches received*	Number investigated	No issues	Fraud	Error	Value of Fraud/Error
9803	1625	1475	33	13	£46,016.14
* New datasets matches have been released relating to HMRC information in November 2023 which has increased the total number of matches received.					
Employee Expenses – 2023-2024					
Quarterly checks are underway for 2023-24.					
Client Money Accounts Quarterly Checks – 2023-2024					
Quarterly checks are underway for 2023-24.					
Catering – Quarterly Stock Checks – 2023-2024					
Not yet started.					
Education Establishment Checks 2023-2024					
Not yet started.					

- 4.2 The team continues to investigate whistleblowing and other enquiries in relation to DWP benefit, blue badge, and Council Tax referrals. Since 1 April 2023 these enquiries have resulted in the identification of overpayments of council tax discounts and exemptions of £44,313.
- 4.3 The team is also working alongside Finance to establish the validity of Community Care Grants. An update on this exercise will be presented to the March Audit Committee.
- 4.4 The team is also progressing whistleblowing and other enquiries as follows:

File Ref	Description	Status
Whistleblowing Enquiries		
23/59	Fraudulent grant applications	Ongoing investigation
Other enquiries		
23/74	Potential theft of Council equipment	Closed – fraud prevented

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.
- 5.2 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 and other work as set out at sections 4.2 to 4.4 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 2023

Summary: Section 1 Summary of Management Actions due for completion by 31/10/2023

There were 5 actions due for completion by 31 October 2023. Four actions are complete and the completion date relating to one action has been revised.

Section 2 Summary of Current Management Actions Plans at 31/10/2023

At 31 October 2023 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/10/2023

At 31 October 2023 there were 21 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 October 2023 there were 2 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 31.10.2023**

SECTION 1

Directorate	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	No response received*
Environment and Regeneration	2	2		
Chief Executive	1	1		
HSCP	1		1	
Education and Communities	1	1		
Total	5	4	1	

* 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 31.10.2023**

SECTION 2


CURRENT ACTIONS BY DIRECTORATE

HSCP	
Due for completion January 2024	1
Due for completion April 2024	1
Total Actions	2
Environment and Regeneration	
Due for completion November 2023	1
Due for completion January 2024	3
Due for completion April 2024	1
Due for completion May 2024	1
Total Actions	6
Education Communities and Organisational Development	
Due for completion December 2023	5
Due for completion January 2024	2
Due for completion March 2024	2
Due for completion June 2024	2
Completion date to be advised	2
Total Actions	13
Total current actions:	21


**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 31.10.2023**





SECTION 3

P	Homelessness (Report Issued August 2021)
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Description	Status	Original Due Date	Due Date	Assigned To
<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. 		31-Mar-2022	31-Jan-2024*	Service Manager (Homelessness and Addictions)

P	Employee Expenses (Report Issued August 2022)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>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.</p>		31-Mar-2023	30-Nov-2023*	Director Environment and Regeneration


Action Status			
	No response received		Missed original due date
	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 31.10.2023**





SECTION 3

P	Cyber Security Arrangements (Report Issued January 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Staff Training in Relation to Cyber Security (Amber) Management will ensure that an exercise is completed to ensure that all existing employees on the Council ICT network have completed the relevant mandatory training courses by 30 June 2023 and staff who have not completed the relevant courses will have their network access suspended. Progress on this exercise will be overseen by the Information Governance Steering Group.</p>		30-Jun-2023	31-Oct-2023	ICT Manager/Head of OD, Policy and Communications

P	Climate Change – Utilities Management (Report Issued February 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Adequacy of resources to progress actions from the Net Zero Strategy (Amber) Management will ensure that all scheduled work is monitored, updated and reported to Committee on a regular basis.</p>		31-Jan-2024	31-Jan-2024	Head of Physical Assets





Action Status			
	No response received		Missed original due date
	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 31.10.2023**

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
Collation and reporting of emissions results (Amber) Management will ensure that: <ul style="list-style-type: none"> written procedural documentation is developed for the monitoring, collation and reporting of emissions data; a copy of the procedural documentation is retained and made available for all new members of staff. 		31-May-2023	31-Oct-2023	Head of Physical Assets
Collation and reporting of emissions results (Amber) Management will ensure that a process to evidence periodic review on a regular basis is introduced, which includes version control.		31-May-2024	31-May-2024	Head of Physical Assets
Collation and reporting of emissions results (Amber) Management will ensure that an independent check is completed for all emissions calculations. Evidence of the independent check should be retained.		30-Jun-2023	31-Oct-2023	Head of Physical Assets


Action Status			
	No response received		Missed original due date
	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 31.10.2023**

SECTION 3

P	Commercial Waste Income – Billing and Collection (Report Issued August 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Managing the Collection of Commercial Waste Income (Amber) Management will:</p> <ul style="list-style-type: none"> following discussions with the Chief Financial Officer, seek Committee approval during January for the annual rise in commercial waste charges. If this change is agreed with Finance Services, then arrange to issue existing customers with commercial waste debtors accounts on the first working day of March and September each year; co-ordinate as necessary with relevant Finance staff regarding the accrual of commercial waste income into the new financial year; ensure that the Commercial Services Officer makes regular use of the FMS historical age report to identify unpaid accounts within two weeks of second reminder letters having been issued by Finance staff. In turn, the Commercial Services Officer will arrange for the suspension of uplifts pending payment of unpaid accounts; and arrange for the Service Co-ordinator to contact the Finance FMS Team to explore the option of using a spreadsheet upload into FMS as a means of raising debtors accounts. 		30-Apr-2024	30-Apr-2024	Service Manager (Grounds & Waste)

Action Status			
	No response received		Missed original due date
	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 31.10.2023**

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
<p>Documenting contractual relationships with commercial waste customers (Amber) Management will:</p> <ul style="list-style-type: none"> consult the relevant Legal Services Manager regarding the best means of documenting the contractual relationship between the Council and commercial waste customers. In addition, this exercise will ensure that the trade waste agreement form reflects any planned changes to the timetable for billing existing customers; and confirm that the commercial waste policy is both up to date and is also suitable to represent the terms and conditions of service for customers. An updated policy will also be published on the Council's website and routinely issued to prospective customers when they request quotations from the Commercial Services Officer. 		31-Jan-2024	31-Jan-2024	Service Manager (Grounds & Waste)

P	Client Accounts – Quarterly Checks 2022/23 (Report Issued September 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Inaccurate Transaction Records – Amber Management have agreed that a review will be undertaken of the overall management of the corporate appointee process with a view to streamlining and modernising the functions.</p>		30-Apr-2024	30-Apr-2024	Head of Finance, Planning and Resources, HSCP

Action Status			
	No response received		Missed original due date
	In Progress		Completed





**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 31.10.2023**





SECTION 3

P	Corporate Purchase Cards – Quarterly Checks 2023/24 (Report Issued October 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>VAT guidance for users of corporate purchase cards (Amber)</p> <p>The Procurement Manager will develop appropriate guidance for purchase card users regarding the processing and receipting of transactions which include VAT.</p> <p>This exercise will also include obtaining appropriate VAT advice from relevant Finance staff and issuing the subsequent guidance to all cardholders and their supervisors.</p>		30-Apr-2024	30-Apr-2024	Head of Finance, Planning and Resources, HSCP

P	Attendance Management (Report Issued December 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Inefficient process for the notification, recording and monitoring of absences (Red)</p> <p>HR management will:</p> <ul style="list-style-type: none"> • Review current and potential capability of Chris 21 system. 		31-Oct-2023	31-Oct-2023	Head of OD, Policy and Communications
<ul style="list-style-type: none"> • Proposal to Digital Modernisation Board for budget to implement new system/system upgrade including ICT support. 		28-Feb-2024	28-Feb-2024	Head of OD, Policy and Communications
<ul style="list-style-type: none"> • Develop a project plan to implement new/upgraded IT system with improved absence management module with opportunities for self-service 		30-Jun-2024	30-Jun-2024	Head of OD, Policy and Communications
<ul style="list-style-type: none"> • Reminder will be sent to Heads of Service for dissemination to services regarding the timeliness of submission of start and finish forms. 		31-Dec-2023	31-Dec-2023	Head of OD, Policy and Communications

Action Status			
	No response received		Missed original due date
	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 31.10.2023**

SECTION 3







Action Status			
	No response received		Missed original due date
	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 31.10.2023**

SECTION 3

P	Attendance Management (Report Issued December 2023)
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Description	Status	Original Due Date	Due Date	Assigned To
<p>Attendance Management Training (Amber)</p> <p>HR management will review mandatory training courses for approval by Corporate Management Team to include attendance management as an area of focus.</p>		31-May-2024	31-May-2024	Head of OD, Policy and Communications
<p>Access to Occupational Health Services - Service Self-referral process (Amber)</p> <p>HSCP will provide outstanding information in order to complete the remaining hierarchies to allow the Occupational Health service provider to update the system appropriately to implement self-referrals by all Services.</p>		31-Dec-2023	31-Dec-2023	Chief Officer HSCP
<p>Self-Referrals in place for all directorates of the Council and HSCP.</p>		31-Mar-2024	31-Mar-2024	Team Leader – Health and Safety
<p>Generating Absence Reports for follow up actions (Amber)</p> <p>As part of the project implementation plan review functionality for managers access to Chris21 to generate absence reports.</p>		31-Mar-2024	31-Mar-2024	Head of OD, Policy and Communications
<p>Implement a corresponding timetable for generating the reports by management.</p>		30-Apr-2024	30-Apr-2024	Head of OD, Policy and Communications
<p>Issue a reminder to Heads of Establishment to update the return to work spreadsheet with any outstanding actions from the monthly open absence report on a regular basis.</p>		31-Dec-2023	31-Dec-2023	Service Manager Education Resources





Action Status			
	No response received		Missed original due date
	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 31.10.2023**

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
Heads of Establishment will report to senior management on the current position of each action on a regular basis.		30-Jun-2024	30-Jun-2024	Service Manager Education Resources
Security, retention and disposal of attendance management files (Amber) Review the Council's retention and disposal of documents and records (electronic/paper) Policy to ensure retention periods comply with relevant retention requirements eg SCARRS and re-issue to services.		31-Jan-2024	31-Jan-2024	Head of Legal, Democratic, Digital and Customer Services
All service-based electronic attendance management files will be reviewed and retained for one year and destroyed in accordance with the Council's retention and disposal of Documents and Records (electronic/paper) policy.			3 months after implementation of Chris21 self-service module	ECMT
Any existing duplicate paper files in relation to attendance management are destroyed.			3 months after implementation of Chris21 self-service module	ECMT

Action Status			
	No response received		Missed original due date
	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)
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 31.03.23 31.07.23 31.10.23</p>	31.01.24	<p>As the team has worked through the Change Programme the rent charges and rent management policy have been delayed. This is to ensure there is agreement with Finance and Revenues and Benefits to confirm that we are able to charge an enhanced HB rate more aligned to the service provision. The paper is in the final stages of financial checks with HSCP finance and Revenues and Benefits.</p> <p>This will now be reported to CMT in December and to the next meeting of the Environment and Regeneration Committee in January 2024.</p> <p>Review of procedures is now complete.</p> <p>In relation to version control this is now complete.</p>
Employee Expenses (August 2022)	<p>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.</p>	<p>31.03.23 31.08.23</p>	30.11.23	<p>A number of high mileage users are now using fleet resources to address reductions in mileage claims. A further report will be presented to CMT in November with options for consideration.</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 at 31 October 2023.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2017/2018	53	50	0	0	3
2018/2019	45	44	0	0	1
2019/2020	43	43	0	0	0
2020/2021	36	34	0	1	1
2021/2022	24	20	0	1	3
2022/2023	49	40	0	2	7
2023/2024	28	3	3	14	8
Total	278	234	3	18	23

*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:	9 January 2023
Report By:	Head of Legal, Democratic, Digital & Customer Services	Report No:	AC/02/24/IS/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	EXTERNAL AUDIT ACTION PLANS - CURRENT ACTIONS		

1.0 PURPOSE AND SUMMARY

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 2023.

2.0 RECOMMENDATIONS

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

Iain Strachan
Head of Legal, Democratic, Digital & Customer Services

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 The Chief Internal Auditor co-ordinates follow up reporting on current actions arising from External Audit Action Plans with regular reporting to CMT and the Audit Committee.
- 3.3 There were no actions due for completion by 31 October 2023. The follow up report has been updated for new actions arising from the recent Annual Report to Members on the 2022/23 audit and the wider dimensions work carried out by External Audit.
- 3.4 There are 15 current external audit action 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 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(s) is(are) agreed:

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

5.2 Finance

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					

5.3 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.

5.4 Human Resources

There are no human resources implications arising directly from this report.

5.5 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 BACKGROUND PAPERS

7.1 External Audit reports.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
AT 31 OCTOBER 2023

Summary: Section 1 Summary of Management Actions due for completion by 31/10/2023

There were no actions due for completion by 31 October 2023.

Section 2 Summary of Current Management Actions Plans at 31/10/2023

At 31 October 2023 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/10/2023

At 31 October 2023 there were 15 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 October 2023 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 31.10.2023

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 and Regeneration	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 31.10.2023



SECTION 2





CURRENT ACTIONS BY DIRECTORATE

Chief Executive	
Due for completion December 2023	3
Due for completion March 2024	2
Due for completion June 2024	3
Due for completion September 2024	1
Total Actions	9
Education and Communities	
Due for completion March 2024	1
Due for completion June 2024	1
Due for completion April 2027	1
Total Actions	3
Environment and Regeneration	
Due for completion April 2024	1
Due for completion June 2024	1
Due for completion April 2026	1
Total Actions	3
Total current actions:	15

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023**

SECTION 3



Description	Status	Original Due Date	Due Date	Assigned To
Annual Report to Members on the 2021/22 Audit (November 2022)				
Local Development Plan (B/f) The preparation of the LDP will commence in February 2023 and be completed by April 2026.		30-Apr-2026	30-Apr-2026	Director, Environment & Regeneration
Annual Report to Members on the 2022/23 Audit (November 2023) – Financial Statements				
Duplicate suppliers identified through capital additions walkthrough (Priority 2 Recommendation) Recommendation: We recommend that management conducts a review of all supplier codes to ensure no more duplicates exist. Management Response: All new supplier requests are checked by the Creditors Supervisor against existing suppliers to minimise duplication of Suppliers. In addition, regular reviews are conducted to identify duplicate suppliers. There can however be legitimate reasons for a supplier having more than one code. All relevant staff will be reminded of the need to ensure duplicate suppliers exist only when unavoidable and of the need for checks to be carried out to identify duplicate payments.		31-Dec-2023	31-Dec-2023	Finance Manager (Corporate Services and Strategic Finance)

Action Status			
	No response received		Missed original due date
	In Progress		Completed

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

CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
<p>Central Corporate Risk Register (Priority 2 Recommendation) Recommendation: We recommend that the Council introduces a Corporate Risk Register which features any risks above a centrally-agreed threshold score, in order that the Council and its Committees are able to assure themselves regarding the sufficiency of response to risks arising.</p> <p>Management Response: Whilst the thematic committees now receive risk registers which highlight risks relating to each committee's remit and strategic objectives, the refreshed Corporate Risk Register will be presented to Audit Committee then Policy & Resources Committee in January/February 2024 and will be prepared in line with the Strategy which is anticipated to be approved in November 2023. The Corporate Risk Register will then be reported to both Committees on an ongoing basis moving forward.</p>		31-Mar-2024	31-Mar-2024	Chief Executive/Head of Legal, Democratic, Digital & Customer Services
<p>Segregation of duties in journal entries processing (Priority 2 Recommendation) Recommendation: We would recommend that management considers enforcing through the ledger system the segregation of duties in the processing of journal entries. Where this is considered impractical, management should establish a periodic retrospective review of a report of all journals posted during the period, and these should be signed off by a senior member of</p>		31-Dec-2023	31-Dec-2023	Finance Manager (Environment & Technical)



Action Status





	No response received		Missed original due date
	In Progress		Completed

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

CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023



SECTION 3




Description	Status	Original Due Date	Due Date	Assigned To
<p>Finance as appearing regular and in line with the normal course of business.</p> <p>Management Response: Procedure will be amended to ensure all journal entries are authorised ensuring segregation of duties.</p>				
<p>Timeliness of preparation and review of bank reconciliations (Priority 3 recommendation) Recommendation: Management should ensure that all bank reconciliations are prepared and reviewed within one month of the relevant month-end.</p> <p>Management Response: All relevant staff will be reminded of the requirement to prepare and review bank reconciliations within one month of the period end.</p>		31-Dec-2023	31-Dec-2023	Finance Manager (Corporate Services and Strategic Finance)
<p>Formal process for Head of Service impairment reviews (Priority 3 recommendation) Recommendation: We recommend the impairment review process is amended to include the requirement for Heads of Service to provide a positive return confirming whether any impairment indicators have arisen during the year.</p> <p>Management Response: Instruction in year end pack will be amended and Officers will ensure returns are received, including nil returns, from all Heads of Service in future.</p>		30-Jun-2024	30-Jun-2024	Finance Manager (Environment & Technical)

Action Status			
	No response received		Missed original due date
	In Progress		Completed

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023**

SECTION 3



Description	Status	Original Due Date	Due Date	Assigned To
<p>Continuing to improve integrity of Fixed Asset Register (Priority 2 recommendation) Recommendation We recommend that a further data integrity and cleansing exercise is undertaken in 2023/24 to ensure the integrity of entries across all fields in the FAR.</p> <p>Management Response: Data integrity review of FAR will be added to the Year End timetable and carried out on an annual basis.</p>		30-Jun-2024	30-Jun-2024	Finance Manager (Environment & Technical)
<p>Infrastructure Assets (Priority 2 recommendation) Recommendation: We recommend that should Management wish to meet this requirement they will need to carry out a retrospective review of the methodology used to account for the infrastructure assets and update the methodology accordingly to ensure compliance with the guidance. This weakness did not impact upon our planned audit approach.</p> <p>Management Response: It is intended to continue to use both statutory overrides for the 2023/24 annual accounts. Officers will continue to review methodology to ensure compliance however this is considered a national issue. Officers will therefore keep abreast of national developments.</p>		30-Jun-2024	30-Jun-2024	Finance Manager (Environment & Technical)

Action Status			
	No response received		Missed original due date
	In Progress		Completed

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

CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023

SECTION 3




Description	Status	Original Due Date	Due Date	Assigned To
Annual Report to Members on the 2022/23 Audit (November 2023) – Wider Dimension and Best Value				
<p>Fraud, Bribery and Corruption procedures and other policies out of date (Priority 2 recommendation) Recommendation: We recommend that all out-of-date policies are prioritised for updating and review / approval by Council or appropriate Committee as soon as is practicable.</p> <p>Management Response: The Corporate Quality Improvement Group has approved a corporate template for all policies and CMT are currently confirming all policies and their next review dates with an update due to go to Policy & Resources Committee in February 2024. A timetable for updating all policies will be approved as part of that report, with a suitable prioritisation.</p>		31-Mar-2024	31-Mar-2024	<p>Head of Legal, Democratic, Digital & Customer Services</p> <p>March 2024 (for completion of timetable for updating of policies) All policies on new review timescales - March 2025</p>
<p>Reporting on Best Value achievement and delivery (Priority 2 recommendation) Recommendation: We recommend implementation of a process to report on overall best value achievement and delivery.</p> <p>Management Response: An approach to reporting and evaluation of best value at a council level will be devised and incorporated into the Inverclyde Council Performance Management Framework by March 2024, with implementation of the approach in 2024-25.</p>		31-Mar-2024	31-Mar-2024	Head of OD, Policy and Communications

Action Status			
	No response received		Missed original due date
	In Progress		Completed


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

CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
<p>Locality plans (Priority 2 recommendation) Recommendation: We recommend that locality plans are updated in line with the new partnership and council plan.</p> <p>Management Response: The review of Inverclyde's locality planning model which will include refreshing locality plans will follow the conclusion of the Community Council review.</p>		30-Jun-2024	30-Jun-2024	Corporate Director (Education, Communities & Organisational Development)
<p>Equality group involvement in plan (Priority 2 recommendation) Recommendation: We recommend that a specific equality group within the council is identified and involved in the strategy setting process.</p> <p>Management Response: Equality groups will be involved in the development of the next Council Plan from 2027 and in the mid term review of the Partnership Plan in 2028.</p>		01-Apr-2027	01-Apr-2027	Head of OD, Policy and Communications
<p>Workforce planning (Priority 3 recommendation) Recommendation: We recommend that workforce plans are refreshed on a timely basis.</p> <p>Management Response: Refreshed workforce plans within Environment and Regeneration will be produced by June 2024.</p>		30-Jun-2024	30-Jun-2024	Director, Environment & Regeneration



Action Status




	No response received		Missed original due date
	In Progress		Completed

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

CURRENT MANAGEMENT ACTIONS AS AT 31.10.2023

SECTION 3

Description	Status	Original Due Date	Due Date	Assigned To
<p>Asset Management Strategy (Priority 3 recommendation) Recommendation: We recommend timely review and update of both strategies.</p> <p>Management Response: The Corporate Asset Management Strategy is scheduled to be updated and adopted by April 2024.</p> <p>The ICT Strategy is due to be updated and adopted by September 2024.</p>		30-Apr-2024	30-Apr-2024	Head of Physical Assets
		30-Sep-2024	30-Sep-2024	Head of Legal, Democratic, Digital & Customer Services

Action Status			
	No response received		Missed original due date
	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:	9 January 2024
Report By:	Iain Strachan Head of Legal, Democratic, Digital & Customer Services	Report No:	LS/171/23
Contact Officer:	Iain Strachan	Contact No:	01475 712710
Subject:	Corporate Risk Register		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to present the Corporate Risk Register to the Audit Committee for its consideration. The Corporate Risk Register highlights the most significant corporate risks facing the Council, and the key actions being taken by the Council in response to them. Following the Committee's consideration the Corporate Risk Register will then be presented to the Policy & Resources Committee, so that it can also consider it.
- 1.3 The Audit Committee, on 24 October 2023, and Policy & Resources Committee, on 21 November 2023, considered and then approved the Council's updated Risk Management Strategy. The Risk Management Strategy created a Corporate Risk Management Group to oversee the development, monitoring and reporting of the Corporate Risk Register. A link to the Policy & Resources Committee report is included here:-
<https://www.inverclyde.gov.uk/meetings/meeting/2608>
- 1.4 The Corporate Risk Management Group met on 27 November 2023 to review directorate risk registers. The review has identified a number of key risks which sit above the Council's risk appetite line (scores of 10 and above). These risks have been aggregated as far as possible into thematic areas of risk and are incorporated within the Corporate Risk Register which is attached in Appendix 1. The Corporate Risk Register includes 2 additional risks, but these sit below the risk appetite line, and are not included in Appendix 1, so that the Committee can concentrate its consideration on those higher rated risks.
- 1.5 There are currently 9 key corporate risks which have been identified which sit above the risk appetite line for consideration by the Committee. As noted above, there are a further 2 lower rated risks which are also included in the Corporate Risk Register.
- 1.6 Mitigations are in place for each risk which will be reviewed on an ongoing basis by the Corporate Risk Management Group and responsible officer(s). In order to regain momentum on risk monitoring and reporting of key corporate risks a process for the review and reporting of service and corporate risks is summarised in paragraph 3.4 of this report, and more fully in the Council's Risk Management Strategy.
- 1.7 It is also important to consider the process for Elected Members' engagement in risk management and setting the risk appetite for the organisation. Risk Management training for Elected Members will shortly be arranged.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Audit Committee:

- (i) consider, provide feedback on and note the position on the most significant corporate risks facing the Council, and the key actions being taken by the Council in response to them, all as- included in the Corporate Risk Register in Appendix 1 to this report.
- (ii) note that training will shortly be arranged for Elected Members on risk management, together with a risk management workshop with the Corporate Management Team.
- (iii) note that the Corporate Risk Register will be reported to the February 2024 meeting of the Policy & Resources Committee.

Iain Strachan
Head of Legal, Democratic, Digital & Customer Services

3.0 BACKGROUND AND CONTEXT

- 3.1 There is an identified need for public sector bodies to adopt a formalised approach to risk management. The annual external audit by KPMG identified risk management as an area of development for the Council. Risk management is also a key part of the overall Corporate Governance Framework of the Council.
- 3.2 The Council has developed an updated Risk Management Strategy approved at the Policy & Resources Committee on 21 November 2023. The aim of the Strategy is to deliver a consistent, effective framework and approach for managing risks across the organisational at all levels and support the delivery of the Council Plan 2023-2028.
- 3.3 Strategic risks in relation to the implementation of the Council Plan are monitored by the Corporate Risk Management Group and the Corporate Management Team. The Risk Management Strategy also established that the Corporate Risk Register would be reported twice a year to the Audit Committee and once a year to the Policy & Resources Committee.
- 3.4 Risk registers have been developed at committee, directorate, service and project level. To enable a complete assessment of the overall risks across the Council, these risks have been reviewed by the Corporate Risk Management Group and a fresh Corporate Risk Register developed. The purpose of the Corporate Risk Register is to highlight the most significant corporate risks facing the Council, and the key actions being taken by the Council in response to them. For the purposes of this initial review a baseline risk appetite score of 10 has been applied to all identified risks, i.e. the Council will not accept a risk being scored at 10 and above. In the Risk Management Strategy the High Risks are those scored at 10-15, with Very High Risks being those scored at 16 and above. Whilst there will be further work on risk appetite, to develop a more bespoke approach which recognises that the risk appetite will likely vary according to the risk in question, this review has identified a number of key risks which sit above this baseline risk appetite score of 10.
- 3.5 The factors driving the current risk ratings and actions being taken are not an exhaustive list of issues affecting, or which could affect, the Council. Those factors are often referenced and considered by other Committees as part of normal business.
- 3.6 It is proposed that, in accordance with the updated Risk Management Strategy, the Corporate Risk Register should also be presented to the Policy & Resources Committee next month, to ensure that Members have sufficient oversight on the Council's current key strategic risks. The annual governance statement presented to Audit Committee will also contain the Corporate Risk Register. There is also a need for the Risk Management Strategy and associated training to be rolled out across managers to support implementation.
- 3.7 As set out in the Risk Management Strategy this report and the Corporate Risk Register do not include IHSCP risks, with the IHSCP having its own approach and risk register.

4.0 PROPOSAL

- 4.1 The Audit Committee is asked to consider and provide feedback on the Corporate Risk Register, noting that the Corporate Risk Register will then be presented to the Policy & Resources Committee next month.
- 4.2 To develop understanding of Elected Members' risk appetite, and their knowledge of risk management more generally, training will be offered in the early part of 2024. Following the training and agreement of Elected Members of risk appetite for the Council, risk training will be developed and rolled out across all managers on risk management, including on the review and reporting of service risks.

- 4.3 A new Corporate Risk Adviser post has been advertised and recruitment for that post is ongoing. The new Corporate Risk Adviser will support the roll out of the risk management training.

5.0 IMPLICATIONS

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

SUBJECT	YES	NO
Financial		✓
Legal/Risk	✓	
Human Resources		✓
Strategic (Partnership Plan/Council Plan)	✓	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		✓
Environmental & Sustainability		✓
Data Protection		✓

5.2 Finance

Whilst there are no direct financial implications arising from this report, there may be resource implications associated with managing individual risks. Effective management of risks is part of good financial management and failure to manage them appropriately may have a range of financial consequences.

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					

5.3 Legal/Risk

Having an up-to-date Corporate Risk Register allows the overall management of risk to support the Council's delivery of the Council Plan. Alongside Committee Risk Registers, the Corporate Risk Register provides a clear understanding of the Council's risk profile and the work required across all service areas to ensure action is taken to mitigate the risk.

5.4 Human Resources

N/A.

5.5 Strategic

This report helps ensure strong governance to ensure the Council Plan 2023-28 is delivered and in particular outcome theme 3 – Performance, with the Council seeking to provide high quality and innovative services that deliver value for money.

6.0 CONSULTATION

6.1 Relevant officers have been consulted in the review, development and monitoring of the Corporate Risk Register.

7.0 BACKGROUND PAPERS

7.1 N/A.

Corporate Risk Register

Risk No.	Description of Risk Concern (x,y,z)	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A*B)	Change in Score	Current Controls	Who is Responsible (name or title)	Additional controls / Mitigating Actions & Time Frames with End Dates
1.	<p>Financial Risk It is expected that the Council will continue to be faced with significant real term funding reductions from the Scottish Government in the medium term based on May 2022 Resource Spending Review and 2023 Autumn Statement. This coincides with a period where costs are continuing to rise due to inflation and demographic / legislative pressures are increasing. As over 80% of Council revenue funding comes from the Scottish Government the Council has limited options aside from service reductions.</p> <p>Capital Grant has been cut in recent years and is effectively frozen until 2026 at least at a time where a number of assets require significant investment and costs have increased considerably.</p> <p>The risk is that the Council will have insufficient financial resources to effectively deliver its services, key projects and ultimately achieve its strategic outcomes.</p>	4	4	1	16	No change	<ul style="list-style-type: none"> 10-year financial strategy in place reported 6 monthly to Full Council. Monitoring and reporting of Treasury / Capital Management Strategy. Sharing best practice via Directors of Finance and Cosla forums MBWG provide elected member direction/ support throughout the Budget process. JBG reviews potential employee impacts at an early stage to ensure savings, if agreed, are deliverable. Established Budget control processes. Rigorous debt collection processes. CMT review of key budgets every 2 months Regular reporting on the Capital Programme supported by the officer Capital Programme Group. 	Chief Finance Officer Members Budget Working Group Corporate Management Team	<ul style="list-style-type: none"> Embed regular meetings with IJB officers to ensure strategies are aligned. (Ongoing) Annual refresh of savings options and workstreams. (August 2024) Savings delivery plans reviewed bi-monthly by CMT and monthly by Directorates. (Ongoing) Review of strategic priorities outlined in the committee plans supported by public consultation (Annually). Updated Corporate Asset Management Strategy (Oct 2024)

Risk No.	Description of Risk Concern (x,y,z)	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A*B)	Change in Score	Current Controls	Who is Responsible (name or title)	Additional controls / Mitigating Actions & Time Frames with End Dates
1.	Workforce The risk is that there is a failure to ensure there is an appropriate resourced and resilient workforce in place to meet future organisational needs to effectively execute the 23/28 Council Plan.	3	4	2	12	Change down from 16 (Impact reduced from 4 to 3)	<ul style="list-style-type: none"> Align the Organisational Development Plan to the 23/28 Council Plan and processes. Incorporate succession planning into workforce planning framework. Identify training programmes to upskill staff including 'growing your own'. Flexible HR policies. Investment in employee wellbeing and engagement. Effective use of occupational health services. Robust positive conversations process in place for all employees. Effective leadership and management behaviour programmes in place. HR processes designed to meet the service's delivery needs. Flexible Working Policy 	Head of OD, HR, Communications & Policy	<ul style="list-style-type: none"> A robust package of wellbeing resources continue to be available, absence levels are closely monitored. Development course for middle managers. Grow your own programme in place for all staff. Review of flexible working to increase flexibility. Absence Management
2.	Maintaining Council Assets that are fit for purpose The risk is that the Council's assets and facilities do not fully meet the needs of its existing and future service users and employees which impacts on the delivery of services. Investment levels required to maintain assets outstrips current budget.	3	4	2	12		<ul style="list-style-type: none"> Corporate Asset Management Strategy Regular reporting on condition and suitability via internal and external surveys including RAAC Capital budget fully utilised Rationalisation of assets being considered Regular reporting to committee on Learning Estate and Operational Estate Capital Programme Property and Land Disposal 	Director for Environment & Regeneration	<ul style="list-style-type: none"> Flexible working gives opportunity to rationalise office footprint through Asset Rationalisation Programme Board Regular capital project meetings being carried out
3.	Ensuring the Council has the skills and capacity to keep abreast of developments in ICT infrastructure and innovative use of information technology The risk is that there is a failure to keep pace with changing technology and deliver new systems that support service delivery, with the result that the Council is unable to effectively deliver its services, key projects and ultimately achieve its strategic outcomes..	3	4	2	12		<ul style="list-style-type: none"> ICT & Digital Strategies in place and regularly reported to Committee Digital Modernisation Programme Board in place and regularly reported to Committee Improvement Service workshop held in August 2023 to engage with staff on modernisation Regular reporting to Committees 	Head of Legal, Democratic, Digital & Customer Services	<ul style="list-style-type: none"> ICT & Digital Strategies to be reviewed in 2024 Customer & Digital Modernisation Saving Workstream
4.	Net Zero The risk is that there is a failure to reduce the Council's carbon footprint in line with Council and national targets, with the consequence that the Council suffers damage to its reputation, breaches its legal/regulatory duties and incurs	3	4	2	12		<ul style="list-style-type: none"> Net Zero Strategy and Action Plan Operational delivery of organisation resilience due to climate change Application for Grant Funding that supports Net Zero projects 	Director of Environment & Regeneration	<ul style="list-style-type: none"> Flood Plan High use of recycling Peatland restoration initiative to offset carbon Local Heat and Energy Efficiency Strategy and Delivery Plan

Risk No.	Description of Risk Concern (x,y,z)	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A*B)	Change in Score	Current Controls	Who is Responsible (name or title)	Additional controls / Mitigating Actions & Time Frames with End Dates
	greater costs than it needs to in the operation of its estate and delivery of its services.								<ul style="list-style-type: none">
5.	Partnership The risk of major partner or supplier failure. Requires financial support or the Council to step in to manage the services or project fails.	3	4	3	12		<ul style="list-style-type: none"> Regular financial governance review in place Revised approach to Governance of External Organisations (November P&R Committee) Robust tender processes with good financial management Relevant committee reported to regularly 	Directors	<ul style="list-style-type: none"> Supplier manager guidance is being piloted and rolls out in August 2024
6.	Information Governance There is a risk that the Council fails to meet its legal and regulatory duties around information governance matters, including Data Protection/GDPR, Freedom of Information and Records Management.	4	3	2	12	Increased	<ul style="list-style-type: none"> Information Governance Group meets monthly to oversee information governance, including ongoing comms/training for staff Regular reporting to CMT and DMTs Annual reports to Committee on Freedom of Information/Data Protection performance Encrypted laptops Access controls to electronic information, including mandatory training for staff before network access given Suite of Information Governance related policies reviewed regularly, reported to Committee and cascaded to staff 	Head of Legal, Democratic, Digital & Customer Services	<ul style="list-style-type: none"> Digital Modernisation Programme anticipated to deliver new/improved systems that will result in a reduced need for paper processing and improved information governance compliance
7.	People – Demographic changes Ageing population, increasing complex needs for young people – risks the Council do not have capacity / service provision to meet the needs of the population.	4	3	2	12		<ul style="list-style-type: none"> Workforce Plan – Organisational Development plan in place ASN Staffing review is taking place Regular reporting and monitoring for children with complex needs 	Directors	<ul style="list-style-type: none"> Further development of local provision

Risk No.	Description of Risk Concern (x,y,z)	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A*B)	Change in Score	Current Controls	Who is Responsible (name or title)	Additional controls / Mitigating Actions & Time Frames with End Dates
8.	<p>Threat of Cyber Attack</p> <p>Risk that the Council's ICT systems, and the data held on them, is subject of a successful security attack, with the data services being compromised, and Council services unable to be delivered, with related reputational risk to the Council and associated legal/regulatory/financial risk.</p>	4	3	2	12	Increased from 4	<ul style="list-style-type: none"> PSN Certification ICT Disaster Recovery Plan CMT approved approach to cyber security in tendering for new contracts Annual assurance framework, assurance around key supplier cyber security Standard Council Ts and Cs used Programme of internal ICT audits Multiple layer of cyber defence Work of Information Governance Steering Group and related controls around Information Governance 	Head of Legal, Democratic, Digital & Customer Services	<ul style="list-style-type: none"> Action plan to be worked through further to PSN/Cyber Essential accreditation Cyber Security Incident Workshop, overseen by CRMT Supplier Management guidance being piloted and rolls out in 2024 Ongoing need for all new staff to undertaken compulsory e-learning before given network access.