

**A meeting of the Audit Committee will be held on Tuesday 11 January 2022 at 3pm.**

**Members may attend the meeting in person or via remote online access. Webex joining details will be sent to Members and Officers prior to the meeting. Members are requested to notify Committee Services by 12 noon on Monday 10 January 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.**

**Information relating to the recording of meetings can be found at the end of this notice.**

ANNE SINCLAIR  
Interim Head of Legal & Democratic Services

**BUSINESS**

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<b>PERFORMANCE MANAGEMENT</b>	
2. <b>Internal Audit Progress Report - 27 September to 26 November 2021</b> Report by Interim Director Finance and Corporate Governance	<b>P</b>
3. <b>External Audit Action Plans – Current Actions</b> Report by Interim Director Finance and Corporate Governance	<b>P</b>
<b>NEW BUSINESS</b>	
4. <b>Risk Management Monitoring and Reporting Process</b> Report by Interim Director Finance and Corporate Governance	<b>P</b>

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.

Please note that the meeting will be recorded for publishing on the Council’s website. The Council is a Data Controller under UK GDPR and the Data Protection Act 2018 and data collected during any recording will be retained in accordance with the Council’s Data Protection Policy, including, but not limited to, for the purpose of keeping historical records and making those records available.

By entering the online recording or attending the chambers in person, please acknowledge that you may be filmed and that any information pertaining to you contained in the video and oral recording of the meeting will be used for the purpose of making the recording available to the public.

Enquiries to - **Lindsay Carrick** - Tel 01475 712114

**Report To:** Audit Committee **Date:** 11.01.2022  
**Report By:** Interim Director Finance and Corporate Governance **Report No:** AC/01/22/AP/APr  
**Contact Officer:** Andi Priestman **Contact No:** 01475 712251

**Subject: INTERNAL AUDIT PROGRESS REPORT – 27 SEPTEMBER TO 26 NOVEMBER 2021**

## 1.0 PURPOSE

- 1.1 The purpose of this report is to enable members to monitor the performance of Internal Audit, to discharge their scrutiny and performance monitoring roles and gain an overview of the overall control environment throughout the Council.
- 1.2 The Monitoring Report from 27 September to 26 November 2021 is attached as an Appendix 1 Appendix to this report since its content is essential to the understanding of the Council's control environment.

## 2.0 SUMMARY

- 2.1 There was one internal audit report finalised since the last Audit Committee meeting in October 2021:
- Insurance (Limited Scope Finance Review)

- 2.2 This report contained 3 issues categorised as follows:

Red	Amber	Green
0	1	2

- 2.3 The fieldwork for the 2021/22 is underway and the status is as follows:

Stage	Number of Reports
Final Report	1
Draft Report	1
Fieldwork Complete	0
Fieldwork in Progress	5
Planning	1
Not started/Deferred	5
<b>Total</b>	<b>13</b>

- 2.4 A number of quarterly reviews have not yet started. It is anticipated that these will be commenced in early 2022. In addition, due to delays in finalising some audits from the 2020/2021 annual audit plan it is now expected that the audit of Residential Care – Childrens' Services will be carried forward to the 2022/23 annual audit plan.

2.5 In relation to internal audit action plans there was one action due for completion by 30 November 2021 which has missed the deadline and a revised date has been set. In addition there were 2 actions with an interim update due for completion by 30 November 2021 which has been provided by management as section 4 of the report. The current status report is attached at Appendix 2. Appendix 2

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

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 27 September to 26 November 2021.

**Alan Puckrin**  
**Interim Director**  
**Finance and Corporate Governance**

## 4.0 BACKGROUND

- 4.1 In February 2021, the Audit Committee approved the Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2021-22.
- 4.2 Internal Audit regularly reports findings and action plans to relevant Council Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.

## 5.0 CURRENT POSITION

- 5.1 There was one internal audit report finalised since the last Audit Committee meeting in October 2021:
- Insurance (Limited Scope Finance Review)
- 5.2 The fieldwork for the 2021/22 plan is underway and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	1
Draft Report	1
Fieldwork Complete	0
Fieldwork in Progress	5
Planning	1
Not started/Deferred	5
<b>Total</b>	<b>13</b>

- 5.3 Due to delays in finalising some audits from the 2020/2021 annual audit plan it is now expected that the audit of Residential Care – Childrens' Services will be carried forward to the 2022/23 annual audit plan.
- 5.4 In relation to internal audit action plans there was one action due for completion by 30 November 2021 which has missed the deadline and a revised date has been set. In addition there were 2 actions with an interim update due for completion by 30 November 2021 which has been provided by management in section 4 of the report. The current status report is attached at Appendix 2.
- 5.5 The CMT has reviewed and agreed the current status of actions.

Appendix 2

## 6.0 IMPLICATIONS

### Finance

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

Financial Implications:

#### One off Costs

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

#### Annually Recurring Costs/ (Savings)

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

### Legal

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

### Human Resources

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

### Equalities

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

### Repopulation

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

## 7.0 CONSULTATIONS

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

## 8.0 LIST OF BACKGROUND PAPERS

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



**Audit Committee Report  
Report on Internal Audit Activity from  
27 September to 26 November 2021**

<b>Section</b>	<b>Contents</b>	<b>Page</b>
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1 Audit work undertaken in the period

Reports issued since last update

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

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

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

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

1.3 There was one audit review finalised since the October Audit Committee, which is identified below, together with a summary of the gradings of the issues identified. In Section 2 we have provided a summary of the main findings from the review.

Reports finalised since previous Audit Committee	Grading			Total Number of Issues
	Red	Amber	Green	
Insurance (LSFR)	0	1	2	3
<b>Total</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>



## Other activities

### Risk Management

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

### Internal Audit Action Plan Follow Up

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

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

- 2.1 We have provided below a summary of the key findings from the final reports issued after 24 September 2021.

### Insurance – Limited Scope Finance Review

- 2.2 Delivering Council services to Inverclyde residents involves a variety of activities, interactions with service users and the use of public buildings and vehicles. Whenever incidents or losses occur it is important that appropriate insurance and claims handling arrangements are in place. During 2020/21 a total of 108 insurance claims were received by the Finance Service, 52 of which related to public liability claims.
- 2.3 The Council's Insurance section operates an Insurance Fund which underpins the Council's self-insurance arrangements. By 31<sup>st</sup> March 2021 the Insurance Fund balance was £4.237m. In addition, the Insurance section organises with relevant insurers the provision of various types of insurance cover, which cost £463,954 in the year to 30<sup>th</sup> September 2020. These insurance policies include coverage of Council properties, motor vehicles and injury claims received from service users and staff.
- 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 over the key risks faced by Inverclyde Council in relation to its insurance arrangements.
- 2.5 The review focused on the high level processes and procedures in relation to the Council's insurance arrangements and concentrated on identified areas of perceived higher risk, such as not completely and accurately processing all valid insurance claims made against the Council in a timely manner and not ensuring that officers are kept up to date with all changes to insurance related legislation. We excluded the role of Service based staff within the claims handling process and obtaining insurance cover and specialist insurance services was also excluded as this would be subject to separate review as part of procurement audits.
- 2.6 The overall control environment opinion for this audit review was **Satisfactory**. There was one AMBER issue identified as follows:

#### Applying the Council's Data Retention Policy to the Figtree Insurance System

When processing insurance claims officers gather necessary information from claimants. Details of these claims are held within the Figtree insurance system. The Council's records management policy and procedures requires that records of settled claims are disposed of within prescribed timescales. However, we understand that it is not currently possible for officers to selectively delete claimants' information from the Figtree insurance system.

Prescribed retention periods will be breached when information supplied by insurance claimants is retained for longer than necessary.

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

- 2.7 The review identified 3 issues, one of which we consider to be individually significant and an action plan is in place to address all issues by 31 January 2021.

3 Audit Plan for 2021/2022 – Progress to 26 November 2021

Planned Audit Coverage	Not started	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
<b>Risk-Based Reviews</b>								
Learning Disabilities Service – Transitioning to Adult Services		✓	✓	✓				
Trading Standards	✓							
Registration Process – Births, Deaths and Marriages		✓	✓	✓	✓	✓		
Self-Directed Support	✓							
Residential Care – Childrens’ Services	Planning will not start until April 2022 so this audit will be carried forward to the 2022/23 annual audit plan.							
<b>Limited Scope Financial Reviews</b>								
Insurance		✓	✓	✓	✓	✓	✓	January 2022
<b>Project Assurance Reviews</b>								
Greenock Ocean Terminal (b/f from 2020-21)		✓						
Devolved School Management		✓	✓	✓				
<b>Corporate Fraud Reviews</b>								
Employee Expenses – Quarterly Checks	Fieldwork not started.							
Client Accounts – Quarterly Checks	Fieldwork not started.							
Catering – Quarterly Stock Checks	Fieldwork underway.							
<b>Regularity Audits</b>								
Education CSA		✓	✓	✓				
Corporate Purchase Cards – Quarterly Checks	Fieldwork underway.							
<b>Corporate Governance</b>								
Annual Governance Statement 2020-21	Complete - Input provided by CIA.							
<b>Other Work</b>								
Council Tax Reduction Scheme/Discounts/Exemptions	Checks are carried out to establish the validity of discounts and exemptions – see section 4.							
National Fraud Initiative	Work underway on the 20/21 Exercise – see section 4.							
SPOC Liaison with DWP	Ongoing – see paragraph 4 for detailed activity.							
Covid-19 - Recovery Process – Advice and Assurance	Ongoing – support provided by CIA.							
Inverclyde IJB	40 days allocated to IJB audit plan. Two audits have been planned. One audit is complete and the remaining audit is at draft report stage.							

**4 Corporate Fraud Activity**

4.1 The undernoted table sets out progress to date on corporate fraud activity in the period 27 September to 26 November 2021:

<b>National Fraud Initiative Exercise</b>					
In relation to the 2020/2021 Exercise, matches have now been received and a detailed review of matches is now underway by Internal Audit and Services.					
Matches received	Number Investigated	No issues	Fraud	Error	Value of Fraud/Error
<b>Housing Benefit</b>					
45	43	40	1	2	£3697.33
<b>Blue Badge</b>					
373	372	191	0	181	N/A
<b>Council Tax Reduction Scheme</b>					
659	632	632	0	0	£0
<b>Procurement</b>					
46	46	46	0	0	£0
<b>Payroll</b>					
49	2	2	0	0	£0
<b>Creditors</b>					
1117	1091	1089	0	2	£3790.87
<b>VAT</b>					
69	69	69	0	0	£0
<b>Small Business Bonus Scheme</b>					
45	40	40	0	0	£0
<b>TOTALS</b>					
<b>2403</b>	<b>2295</b>	<b>2109</b>	<b>1</b>	<b>185</b>	<b>£7488.20</b>
The recheck exercise was refreshed in May 2021 resulting in 5301 matches being received and these are now being progressed by officers.					
Matches received	Number Investigated	No issues	Fraud	Error	Value of Fraud/Error
5301	1271	1247	21	3	£18382.79
<b>Employee Expenses Quarterly Checks – 2021-2022</b>					
A new Travel and Subsistence policy was approved in September 2019. Checks to ensure ongoing compliance with the policy will be undertaken from January 2022.					
<b>Corporate Purchase Cards Quarterly Checks – 2021-2022</b>					
Quarterly checks are underway. No significant issues have arisen to date.					
<b>Client Money Accounts Quarterly Checks – 2021-2022</b>					
The new policy was introduced in May 2020. Checks to ensure ongoing compliance with the policy will be undertaken from January 2022.					
<b>Catering – Quarterly Stock Checks – 2021-2022</b>					
Stock checks are now underway. No significant issues have arisen to date.					

**4 Corporate Fraud Activity (Continued)**

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

NFI Enquiries					
Number of Enquiries	Fraud Established	No Fraud	Referred to Finance	Referred to External Agency	Ongoing
89	30	13	29	0	17

**4.3 SPOC Liaison 27 September to 26 November 2021**

DWP Referrals	0 this period	2 to date
LAIEF requests actioned	3 this period	6 to date

**4.4 Whistleblowing/Other Referrals**

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

File Ref	Description	Status
21-110	Dog Fouling	Referred to Service for action.
21-153	Allegation of payment of business grant to ineligible organisation.	Closed – there was no evidence to indicate that the organisation had applied for funding fraudulently.

4.5 In addition, the status of other enquiries received between 27 September and 26 November 2021 is as follows:

Blue Badge Enquiries					
Number of Enquiries	Misuse Identified	No misuse	Ongoing		
16	15	1	0		
Council Tax Referrals (Whistleblower/Services)					
Number of Enquiries	Fraud Established	No Fraud	Referred to Finance	Referred to External Agency	Ongoing
13	4	4	0	0	5
Other Enquiries (Services)					
Number of Enquiries	Fraud	No Fraud	Ongoing		
1	0	1	0		

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

- 5.1 From time to time, management will request the assistance of Internal Audit in certain activities that are in addition to the annual Operational Plan. Examples of such activities include investigations of alleged irregularities, review of changes in system procedures etc.
- 5.2 Contingency has been made available in the Operational Plan for such ad hoc activities. Since the previous Audit Committee, ad hoc activity undertaken in the period is as follows:
- Providing relevant information in relation to FOI requests.
  - Investigations as set out at sections 4.2 to 4.5 of the report.
  - Provision of ongoing advice and support to service processes impacted by the pandemic and input through CRMT on cyber security and anti-fraud alerts for employees and wider community as appropriate.

**INVERCLYDE COUNCIL INTERNAL AUDIT**  
**REPORT TO AUDIT COMMITTEE ON**  
**STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)**  
**AT 30 NOVEMBER 2021**

**Summary: Section 1 Summary of Management Actions due for completion by 30/11/2021**

There was one action due for completion by 30 November 2021 which has missed the agreed deadline. A revised deadline has been set.

**Section 2 Summary of Current Management Actions Plans at 30/11/2021**

At 30 November 2021 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

**Section 3 Current Management Actions at 30/11/2021**

At 30 November 2021 there were 9 current audit action points.

**Section 4 Analysis of Missed Deadlines**

At 30 November 2021 there were 5 audit action points where the agreed deadline had been missed.

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

**INVERCLYDE COUNCIL INTERNAL AUDIT  
 REPORT TO AUDIT COMMITTEE ON  
 STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
 SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 30.11.2021**

**SECTION 2**

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

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



**INVERCLYDE COUNCIL INTERNAL AUDIT  
 REPORT TO AUDIT COMMITTEE ON  
 STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
 SUMMARY OF CURRENT MANAGEMENT ACTION PLANS AS AT 30.11.2021**

**SECTION 2**

**CURRENT ACTIONS BY DIRECTORATE**

<b>HSCP</b>	
Due for completion March 2022	3
<b>Total Actions</b>	<b>3</b>
<b>Education, Communities and Organisational Development</b>	
Due for completion August 2022	2
<b>Total Actions</b>	<b>2</b>
<b>Environment, Regeneration and Resources</b>	
Due for completion December 2021	2
Due for Implementation January 2022	1
Due for completion March 2022	1
<b>Total Actions</b>	<b>4</b>
<b>Total current actions:</b>	<b>9</b>

**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 30.11.2021**

**SECTION 3**

**HSCP**

Action	Owner	Expected Date
<b>Refugee Integration Scheme (August 2020)</b>		
<b>Adequacy of information governance and management arrangements (Amber)</b> Management will: <ul style="list-style-type: none"> <li>• develop appropriate data sharing protocols with the Council services and external organisations which the Refugee Integration Team deals with; and</li> <li>• develop a data retention plan for the personal information held by the Refugee Integration Team.</li> </ul>	<b>Service Manager (Children &amp; Families &amp; New Scots Service)</b>	<b>31.03.2022*</b>
<b>Homelessness (August 2021)</b>		
<b>Adequacy of policies and procedures (Amber)</b> Management will: <ul style="list-style-type: none"> <li>• Update the rent management policy and procedures and obtain CMT and committee approval as appropriate;</li> <li>• review the arrangements for implementation and reporting of the Rent Management Policy;</li> <li>• set a date to finalise its review of Homelessness assessment, housing support and case handling procedures; and</li> <li>• ensure that version control is consistently and fully applied to all Homelessness policies and procedures.</li> </ul>	<b>Service Manager (Homelessness and Addictions)</b>	<b>31.03.2022</b>
<b>Compliance with Records Retention and Disposal Policy (Amber)</b> 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.	<b>Service Manager (Homelessness and Addictions)</b>	<b>31.03.2022</b>

**Education, Communities and Organisational Development**

Action	Owner	Expected Date
<b>Education Control Self-Assessment (January 2020)</b>		
<b>Inefficient Use of ICT Systems (Amber)</b> Once the pilot has been completed, the corporate transition will be implemented for the remaining schools. Staff will be given corporate e-mail address access and use of corporate printers.	<b>Head of Education</b>	<b>31.08.2022*</b>
	<b>Head of Education</b>	<b>31.08.2022*</b>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 30.11.2021**

**SECTION 3**

**Environment Regeneration and Resources**

Action	Owner	Expected Date
<b>Corporate Procurement – Off Contract Spend (October 2020)</b>		
<p><b>Monitoring and minimising off-contract spend (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• seek to agree with the Corporate Management Team a course of action for managing and regularly reporting on off-contract spend which exceeds the threshold for tendering goods and services, namely £25,000; and</li> <li>• examine the extent to which some of the above actions can be automated and also assess the costs and benefits of producing this information. This exercise will include reviewing the role of Designated Procurement Officers in respect of these issues.</li> </ul>	<p><b>Procurement and Building Services Manager</b></p>	<p><b>31.12.2021*</b></p>
	<p><b>Procurement and Building Services Manager</b></p>	<p><b>31.03.2022*</b></p>
<b>Insurance – Limited Scope Finance Review (November 2021)</b>		
<p><b>Applying the Council’s Data Retention Policy to the Figtree Insurance System (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• review the retention periods for insurance claims in the data retention policy; and</li> <li>• prepare a process for reviewing claims and scanned documentation for deletion and those for retention in line with reviewed data retention policy.</li> </ul> <p>Management will begin a rolling programme of deletion of electronic claim records from Figtree starting with earliest claims.</p>	<p><b>Principal Accountant (Exchequer)</b></p>	<p><b>31.12.2021</b></p>
	<p><b>Principal Accountant (Exchequer)</b></p>	<p><b>Commencing from 10.01.2022</b></p>

\* See Analysis of Missed Deadlines – Section 4

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

**SECTION 4**

Report	Action	Original Date	Revised Date	Management Comments
<b>Education CSA (January 2020)</b>	<b>Inefficient Use of ICT Systems (Amber)</b> Once the pilot has been completed, the corporate transition will be implemented for the remaining schools.	<b>14.08.20</b>	<b>31.08.22</b>	<p>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.</p> <p>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 May 2022. Deployment of the platform will then start with an anticipated completion date of August 2022.</p>

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

**SECTION 4**

Report	Action	Original Date	Revised Date	Management Comments
<b>Education CSA (January 2020)</b>	Staff will be given corporate e-mail address access and use of corporate printers.	<b>14.08.20</b>	<b>31.08.22</b>	<p>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.</p> <p>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 May 2022. Deployment of the platform will then start with an anticipated completion date of August 2022.</p>

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

**SECTION 4**

Report	Action	Original Date	Revised Date	Management Comments
<b>Refugee Integration Scheme (August 2020)</b>	<p><b>Adequacy of information governance and management arrangements (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• develop appropriate data sharing protocols with the Council services and external organisations which the Refugee Integration Team deals with; and</li> <li>• develop a data retention plan for the personal information held by the Refugee Integration Team.</li> </ul>	<p><b>31.10.20</b> <b>31.01.21</b> <b>30.06.21</b> <b>30.11.21</b></p>	<b>31.03.22</b>	<p>Work is ongoing with Information Governance team to establish relevant protocols and data retention plan for the Refugee Integration Scheme. Progress has been hampered due to a combination of a rise in new cases, staff absence, staff changes and vacancies and the disruption caused by Covid-19. The team will also be leading on the resettlement of new Afghan refugee families which is the current priority for the team.</p> <p>A privacy notice has now been drafted but work is still ongoing regarding a data sharing agreement.</p>
<b>Corporate Procurement – Off Contract Spend (October 2020)</b>	<p><b>Monitoring and minimising off-contract spend (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>• seek to agree with the Corporate Management Team a course of action for managing and regularly reporting on off-contract spend which exceeds the threshold for tendering goods and services, namely £25,000; and</li> <li>• examine the extent to which some of the above actions can be automated and also assess the costs and benefits of producing this information. This exercise will include reviewing the role of Designated Procurement Officers in respect of these issues.</li> </ul>	<p><b>30.09.21</b></p> <p><b>30.09.21</b></p>	<p><b>31.12.21</b></p> <p><b>31.03.22</b></p>	<p>Good progress has been made to progress the action plan as the following actions are now complete:</p> <ul style="list-style-type: none"> <li>• introduce six monthly expenditure to contracts data matching exercises in order to identify off-contract spend;</li> <li>• produce and review management information regarding expenditure which has never been tendered for and exceeds the regulated threshold of £50,000; and</li> <li>• produce and review management information regarding expenditure which continues to be incurred under expired contracts.</li> </ul>

**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**

<b>Report</b>	<b>Action</b>	<b>Original Date</b>	<b>Revised Date</b>	<b>Management Comments</b>
				New dates have been set for the completion of the final steps of the agreed action plan.

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO CMT 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 30 November 2021.

<b>Audit Year</b>	<b>Total Agreed Actions</b>	<b>Total Actions Completed</b>	<b>Total Current Actions Not Yet Due*</b>		
			<b>Red</b>	<b>Amber</b>	<b>Green</b>
2014/2015	77	77	0	0	0
2015/2016	52	52	0	0	0
2016/2017	66	66	0	0	0
2017/2018	53	49	0	0	4
2018/2019	45	40	0	0	5
2019/2020	43	37	0	3	3
2020/2021	28	18	0	4	6
2021/2022	7	3	0	2	2
<b>Total</b>	<b>371</b>	<b>342</b>	<b>0</b>	<b>9</b>	<b>20</b>

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



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<b>Report To:</b>	<b>Audit Committee</b>	<b>Date:</b>	<b>11.01.2022</b>
<b>Report By:</b>	<b>Interim Director Finance and Corporate Governance</b>	<b>Report No:</b>	<b>AC/02/22/AP/APr</b>
<b>Contact Officer:</b>	<b>Andi Priestman</b>	<b>Contact No:</b>	<b>01475 712251</b>
<b>Subject:</b>	<b>EXTERNAL AUDIT ACTION PLANS - CURRENT ACTIONS</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to advise members of the status of current actions from External Audit Action Plans at 30 November 2021.

## **2.0 SUMMARY**

- 2.1 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.
- 2.2 There were no actions due for completion since the last Audit Committee meeting in October 2021.
- 2.3 There are 6 current external audit actions being progressed by officers. These are set out in the status report at Appendix 1.

## **3.0 RECOMMENDATIONS**

- 3.1 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**

#### 4.0 BACKGROUND

- 4.1 External Audit regularly report findings and action plans to relevant Council Officers and the Audit Committee as part of their annual audit plan.
- 4.2 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.

#### 5.0 CURRENT STATUS

- 5.1 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.
- 5.2 There were no actions due for completion since the last Audit Committee meeting in October 2021.
- 5.3 There are 6 current external audit actions being progressed by officers. These are set out in the status report at Appendix 1.
- 5.4 The CMT has reviewed the current status of external audit actions.

#### 6.0 IMPLICATIONS

##### 6.1 Finance

There are no direct financial implications arising 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					

##### 6.2 Legal

There are no direct legal implications arising from this report.

##### 6.3 Human Resources

There are no direct HR implications arising from this report.

##### 6.4 Equalities

There are no direct equalities implications arising from this report.

##### 6.5 Repopulation

There are no direct repopulation implications arising from this report.

#### 7.0 CONSULTATIONS

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

## **8.0 LIST OF BACKGROUND PAPERS**

8.1 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 30 NOVEMBER 2021**

**Summary: Section 1 Summary of Management Actions due for completion by 30/11/2021**

There were no actions due for completion by 30 November 2021.

**Section 2 Summary of Current Management Actions Plans at 30/11/2021**

At 30 November 2021 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

**Section 3 Current Management Actions at 30/11/2021**

At 30 November 2021 there were 6 current audit action points.

**Section 4 Analysis of Missed Deadlines**

At 30 November 2021 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 30.11.2021**

**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				
<b>Total</b>	<b>0</b>				

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

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

**SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 30.11.2021**

**SECTION 2**

**CURRENT ACTIONS BY DIRECTORATE**

<b>Environment, Regeneration and Resources</b>	
Due for completion April 2022	1
Due for completion June 2022	4
Due for completion February 2023	1
<b>Total Actions</b>	<b>6</b>
<b>Total current actions:</b>	<b>6</b>

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS  
CURRENT MANAGEMENT ACTIONS AS AT 30.11.2021**

**SECTION 3**

**Environment, Regeneration and Resources**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>2020/2021 Annual Audit Report (November 2021)</b>		
<b>Detailed Review of Fixed Asset Register</b> A replacement fixed asset register will be developed for use from the 2021/22 Accounts onwards.	<b>Interim Director, Finance and Corporate Governance</b>	<b>30.06.2022</b>
<b>Non-current Asset Valuations</b> The approach of 5 yearly valuations will be reviewed and either a rolling review or indexation will be implemented from the 2021/22 Accounts	<b>Interim Director, Finance and Corporate Governance</b>	<b>30.06.2022</b>
<b>Management Commentary</b> The previously agreed action will be implemented for the 2021/22 Accounts.	<b>Interim Director, Finance and Corporate Governance</b>	<b>30.06.2022</b>
<b>Estimation and Judgement Disclosure</b> The requirements of the Good Practice Note will be included within the 2021/22 Accounts.	<b>Interim Director, Finance and Corporate Governance</b>	<b>30.06.2022</b>
<b>Medium to Long Term Savings</b> The high level savings options largely developed by officers will be refined and discussed with Members as part of the 2023/24 Budget post the May 2022 elections.	<b>Interim Director, Finance and Corporate Governance</b>	<b>28.02.2023</b>
<b>Local Development Plan</b> The draft LDP was submitted for consultation In August 2021 and responses are now being considered before submission to Scottish Ministers for consideration. This is in line with the agreed timescale with adoption not likely to be before April 2022.	<b>Interim Director, Environment and Regeneration</b>	<b>30.04.2022</b>

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

**SECTION 4**

<b>Report</b>	<b>Action</b>	<b>Original Date</b>	<b>Revised Date</b>	<b>Management Comments</b>
There are no current actions where the original deadline has been missed.				



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<b>Report To:</b>	<b>Audit Committee</b>	<b>Date:</b>	<b>11.01.2022</b>
<b>Report By:</b>	<b>Interim Director Finance and Corporate Governance</b>	<b>Report No:</b>	<b>AC/03/22/AP/APr</b>
<b>Contact Officer:</b>	<b>Andi Priestman</b>	<b>Contact No:</b>	<b>01475 712251</b>

**Subject: RISK MANAGEMENT MONITORING AND REPORTING PROCESS**

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to ask Audit Committee to consider and approve the proposed process for monitoring and reporting of key service, project and corporate risks.

## 2.0 SUMMARY

- 2.1 A report was presented to the CMT on 24 November setting out the proposed approach for risk monitoring and reporting which would include elected member engagement in the risk management process.
- 2.2 The proposed approach is set out in the process flow diagram at Appendix 1. This diagram also outlines the alignment of the process with the Council's Strategic Planning and Performance Management Framework at a service, directorate and corporate level. Appendix 2 sets out the current impact and likelihood scoring matrix. **Appendix 1**  
**Appendix 2**
- 2.3 Once approved, the Council's risk management strategy will be reviewed and updated to reflect the process for risk management monitoring and reporting. There will also be an opportunity to review other aspects of the risk management strategy such as risk appetite and scoring methodology.
- 2.4 It is intended that a report will be presented to Audit Committee in May 2022 outlining the progress made in implementing the new process and further actions being undertaken.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that Audit Committee:
- Considers and approves the risk monitoring and reporting process for key service, project and corporate risks; and
  - Notes that a progress update and the updated risk management strategy will be presented to the Audit Committee meeting in May 2022.

**Alan Puckrin**  
**Interim Director**  
**Finance and Corporate Governance**

## 4.0 BACKGROUND

- 4.1 There have been increasing pressures for public sector bodies to adopt formalised approaches to risk management.
- 4.2 In its Code of Practice, Audit Scotland makes it clear that the audited bodies are responsible for developing systems of internal control, including risk management, and for conducting annual reviews of the effectiveness of the system of internal control.
- 4.3 The Council has developed a Risk Management Strategy which delivers a consistent, effective framework and approach for managing risks across the organisation at all levels and support the achievement of the corporate outcomes.
- 4.4 Strategic risks in relation to the implementation of corporate plans and objectives are monitored by the corporate management team and service/operational risks relating to the delivery of service objectives and plans are monitored by Heads of Service.
- 4.5 Annual reports are submitted to Audit Committee highlighting exercises undertaken by the Council in relation to risk management.
- 4.6 The Corporate Risk Register was last formally reviewed by CMT in 2017 as part of the Best Value audit of Inverclyde Council.

## 5.0 CURRENT POSITION

- 5.1 A report was presented to the CMT on 24 November setting out the proposed approach for risk monitoring and reporting which would include elected member engagement in the risk management process.
- 5.2 The proposed approach is set out in the diagram at Appendix 1. This diagram also outlines the alignment of the process with the Council's Strategic Planning and Performance Management Framework at a service, directorate and corporate level. Appendix 2 sets out the current impact and likelihood scoring matrix.
- 5.3 Once approved, the Council's risk management strategy will be reviewed and updated to reflect the process for risk management monitoring and reporting. There will also be an opportunity to review other aspects of the risk management strategy such as risk appetite and scoring methodology.
- 5.4 It is intended that a report will be presented to Audit Committee in May 2022 outlining the progress made in implementing the new process and further actions being undertaken.

**Appendix 1**

**Appendix 2**

## 6.0 IMPLICATIONS

### Finance

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

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

**Legal**

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

**Human Resources**

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

**Equalities**

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

**Repopulation**

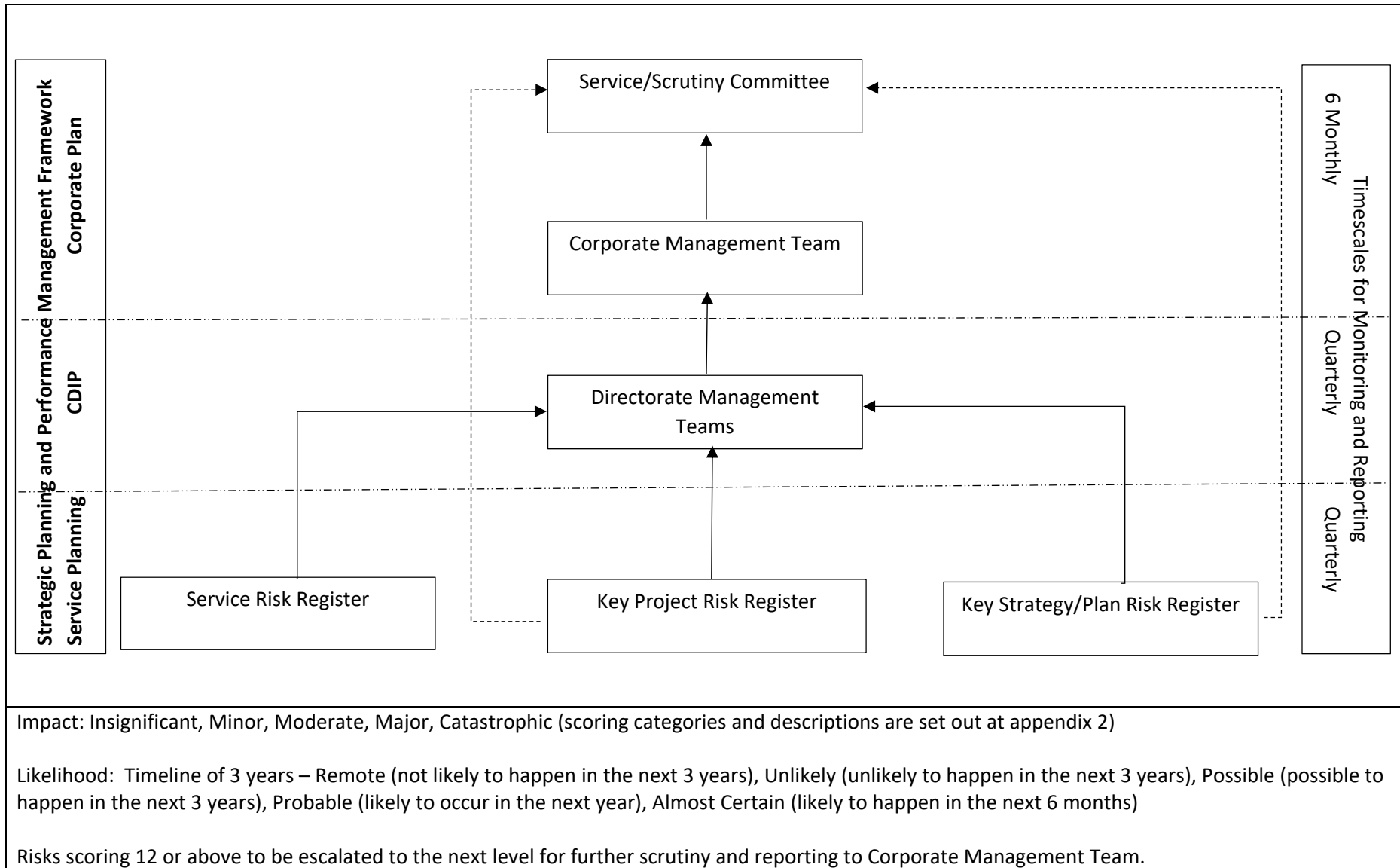
6.5 There are no direct repopulation implications arising from this report.

**7.0 CONSULTATIONS**

7.1 The Corporate Management Team has been consulted in the preparation of this report.

**8.0 LIST OF BACKGROUND PAPERS**

8.1 Risk Management Strategy. Strategic Planning and Performance Management Framework. Copy available from Andi Priestman, Chief Internal Auditor.



<b>Risk Impact</b>					
	<b>1</b> <b>Insignificant</b>	<b>2</b> <b>Minor</b>	<b>3</b> <b>Moderate</b>	<b>4</b> <b>Major</b>	<b>5</b> <b>Catastrophic</b>
<b>Financial</b>	<£100k	£100k-£250k	£250k-£500k	£500k-£1,000k	£1,000K>
<b>Reputation</b>	Individual negative perception	Local negative perception	Intra industry or regional negative perception	National negative perception	Sustained national negative perception
<b>Legal and Regulatory</b>	Minor regulatory or contractual breach resulting in no compensation or loss	Breach of legislation or code resulting in a compensation award	Regulatory censure or action, significant contractual breach	Breach of regulation or legislation with severe costs/fine	Public fines and censure, regulatory veto on projects/withdrawal of funding. Major adverse corporate litigation
<b>Operational/Continuity</b>	An individual service or process failure	Minor problems In specific areas of service delivery	Impact on specific customer group or process	Widespread problems In business operation	Major service or process failure impacting majority or major customer groups

<b>Likelihood</b>					
	<b>1</b> <b>Rare</b>	<b>2</b> <b>Unlikely</b>	<b>3</b> <b>Possible</b>	<b>4</b> <b>Probable</b>	<b>5</b> <b>Almost Certain</b>
<b>Definition</b>	Not likely to happen in the next 3 years	Unlikely to happen in the next 3 years	Possible to occur in the next 3 years	Likely to occur in the next year	Very likely to occur in the next 6 months