ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 13 JUNE 2024

INTERNAL AUDIT ACTIVITY UPDATE

REPORT BY CATHIE WYLLIE – SERVICE LEADER - INTERNAL AUDIT

1.   ABSTRACT

1.1   This report provides assurance through an update on Internal Audit matters including main findings from reports issued since the date of the last Scrutiny and Audit Committee, and progress with implementation of agreed Internal Audit and Counter Fraud actions.

2.   ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

2.1   The contents of this report contribute to the achievement of the corporate priorities set out in the Angus Community Plan and the Council Plan. This is achieved through this report providing the Scrutiny & Audit Committee with information and assurance about council internal control systems, governance and risk management.

3.   RECOMMENDATIONS

3.1   It is recommended that the Scrutiny and Audit Committee:

(i)   Consider and note the update on progress with the planned Internal Audit work (Appendix 1); and

(ii)   Consider and note management's progress in implementing internal audit and counter fraud recommendations (Appendix 1)

4.   BACKGROUND

4.1   Annual Internal Audit plans are approved by the Scrutiny and Audit Committee and a progress report is submitted to each meeting of the Committee. This report outlines progress in delivering the agreed plan (agreed at the Scrutiny & Audit Committee in March 2023 (Report 79/23) and updated in Report 19/24 in January 2024) and items from the 2022/23 plan that were incomplete in June 2023.

4.2   Internal Audit issues a formal report for each review undertaken as part of the annual audit plan. Each report contains an action plan which incorporates all the recommendations made. This action plan, prepared under SMART (Specific, Measurable, Achievable, Realistic, Timed) criteria, is agreed with management who nominate persons responsible for taking forward the actions and who set their own completion date for each action. This agreed action plan forms an integral part of the final audit report and audit recommendations are ranked to indicate materiality. SMART internal control actions are also agreed following Counter Fraud investigations.

4.3   As part of the on-going audit process, Internal Audit reviews the implementation of recommendations and reports the results to each meeting of the Scrutiny and Audit Committee.

4.4   Ad-hoc requests for advice are dealt with as they arise.
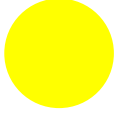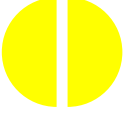
5.   CURRENT POSITION

5.1   The latest results are included in the Update Report at **Appendix 1** and summarised in section 6 below.

5.2 A recruitment exercise to fill the two vacant auditor posts is in progress. Preferred candidates have been identified and one new staff member started in May 2024. Pre-employment checks are in progress for the other preferred candidate, who is expected to start in June.

6. SUMMARY OF ASSURANCES

6.1 The following table summarises the conclusions from audit work completed since the last Scrutiny and Audit Committee. Further information on each audit, and definitions of control assurances, are provided in Appendix 1.

6.2 Recommendations from consultancy work are not graded. The number of recommendations made are noted under the Grade 4 column. * In the final column denotes that the service already has actions in place to address weaknesses identified in the audit or has action plans for other improvements in progress.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
IT Asset Hardware Inventory - Schools	Limited		-	7	1	-
Random Cash Counts (Schools)	Limited		2	1	-	-
Continuous Auditing – Payroll Feb. – Mar. 2024	Substantial		-	-	-	*
Continuous Auditing – Creditors Duplicate Payments Dec. 2023 - March 2024	Substantial		-	-	-	-
Continuous Auditing – IT System access April 2023 – March 2024	Substantial		-	-	-	*
Risk Management	Limited		-	7	4	-
Housing Voids data recording. Item added to plan November 2023	N/A	N/A	-	-	-	2
IT Business Continuity	Limited		-	3	1	1

Tay Cities Region Deal report by Dundee City Council internal audit service	Substantial		-	2	-	2

7. FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications arising from the recommendations of this report.

8. RISK MANAGEMENT

8.1 The overall impact on risk management and recommendations made to mitigate risks identified during the audit are covered in each individual audit report.

9. ENVIRONMENTAL IMPLICATIONS

9.1 There are no direct environmental implications arising from the recommendations of this report.

10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

10.1 A screening assessment has been undertaken and a full Equality Impact Assessment is not required for the following reason: - this report is providing reflective information for elected members.

11. CONSULTATION (IF APPLICABLE)

11.1 This report was circulated for consultation to all Directors of the Council.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHOR: Cathie Wyllie, Service Leader – Internal Audit
EMAIL DETAILS: ChiefExec@angus.gov.uk

List of Appendices:
Appendix 1   Internal audit update report

Angus Council Internal Audit

Update Report

Scrutiny & Audit Committee

13 June 2024

Cathie Wyllie
Service Leader – Internal Audit
Chief Executive's

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INTRODUCTION

This report presents the progress of Internal Audit activity within the Council from April 2024 and provides an update on progress with:

- planned audit work, and
- implementing internal audit and counter fraud recommendations

AUDIT PLAN PROGRESS REPORT

The table below notes the stage of progress of all audits in the agreed 2023/24 plan and those carried forward in June 2023.

Definitions for control assurance assessments are shown at the end of this report.

Progress with Internal Audit Plan 2023/24

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / *(target in italics)*
Corporate Governance					
Corporate Governance annual review – 2022-23	June 2023	Complete	N/A	N/A	23 June 2023 (Report 173/23)
Project Management (2022/23 plan)	Feb. 2023	Complete	Substantial		Aug. 2023
Performance Management & Monitoring	April/May 2024	Draft report issued			*August 2024*
Risk Management	April/May 2024	Complete	Limited		**June 2024**
Financial Governance					
Payroll continuous auditing April to June 2023 July to Sept. 2023 Oct to Dec 2023 January 2024 Feb. – Mar. 2024	On-going	Complete Complete Complete Complete Complete	Comprehensive Substantial Comprehensive Comprehensive Substantial		Aug 2023 Nov. 2023 Jan 2024 April 2024 June 2024
Payroll continuous auditing - Overtime payments added April 2024	On-going	In progress			August/ October?

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / *(target in italics)*
Creditors continuous auditing Duplicate Payments April to June 2023 July to Sept. 2023 Oct to Nov 2023 Dec 23 to March 2024	On-going	Complete Complete Complete Complete	Comprehensive Comprehensive Substantial Substantial		Aug. 2023 Nov. 2023 Jan 2024 June 2024
Creditors continuous auditing Same person registration and authorisation April 2023 – Mar. 2024	In Progress				August 2024
Payroll (added November 2022 to 2022/23 plan)	Feb./Mar. 2023	Complete	Substantial		Oct. 2023
Programme of Random Cash Counts/ Cash Handling (Schools)	Throughout year	Complete	Limited		**June 2024**
Place Based Investment Programme	Remove from Plan	N/A	N/A	Alternative assurance provided - Report 288/23	P & R Committee Oct. 2023
Supplier Bank Details – process for changes	March 2024	Planning			*Aug. 2024*
Tayside Contracts – Invoice & Payments Monitoring	April/May 2024	Planning			*Aug. 2024*
IT Governance					
Cyber security (2022/23 plan)	April 2023	Complete	Substantial	N/A	Aug. 2023 Exempt report 225/23
IT User Access Administration – Integra (Eclipse moved to 2024/25)	June 2024	Planned			*August 2024*
IT Business Continuity	Feb/March 2024	Complete	Limited		**June 2024**

23-11 IT Asset Hardware Inventory in Schools

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / *(target in italics)*
Digitisation of Services	March/April 2024	In Progress			*August 2024*
Continuous Auditing IT System Access	April 2024	Complete	Substantial		**June 2024**
Internal Controls					
Mandatory E-Learning Courses/Corporate Training (2022/23 plan)	May 2023	Removed from plan due to current activity by service	N/A	N/A	N/A
AWI Follow-up	Summer 2024	In Progress			*Aug. 2024*
Asset Management					
IT Asset Hardware Inventory (2022/23 plan)	March/Apr. 2023	Complete	Substantial		Oct. 2023
IT Asset Hardware Inventory - Schools	Nov./Dec. 2023	Complete	Limited		**June 2024**
Legislative and other compliance					
Equalities Impact Assessments & Fairer Scotland Duties (2022/23 plan)	April/May 2023	Complete	Substantial		Aug. 2023
Participatory Budgeting (2022/23 plan)	March 2023	Complete	Position Statement	N/A	Aug. 2023
Serious Organised Crime (SOC)	Oct./Nov. 2023	Complete	Substantial		April 2024 Exempt Appendix 2 Report 124/24
GDPR Compliance in Children, Families & Justice	Sept. 2023	Complete	Substantial		Nov. 2023

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
UK Shared Prosperity Fund	Oct. 2023	Complete	Substantial		Nov. 2023
Consultancy and Advice					
Organisational resilience (2021/22 plan)	Oct./Nov. 2023	Complete	Consultancy	N/A	March 2024
Digital Strategy and Governance – Consultancy (2022/23 plan)	Feb./Mar. 2023	Complete	N/A	N/A	Aug. 2023
PDR Appraisal System	Nov./Dec. 2023	Complete	Consultancy	N/A	March 2024
Housing Voids data recording. Item added to plan November 2023	April/May 2024	Complete	N/A	N/A	**June 2024**

Items agreed in January 2024 to be carried forward to 2024/25 plan	
Tay Cities Deal – review of one specific project	Not included in the 2024/25 plan due to work by Internal Auditor of Accountable Body
External Placements (Children)	Audit scheduled to start late September 2024
Self-Directed Support (SDS)	Timing to be agreed
Purchase ledger invoice processing & authorisation	Work planned July/Aug. 2024 with reporting in October 2024
Contract Management Procedures	Timing to be agreed
Procurement	Timing in late 2024
Housing Void Management	To be undertaken after current review by Service is implemented to ensure compliance
Collaboration & Partnership Work	Not included in the 2024/25 plan due to recent review of this area by External Audit

Angus Alive and Angus Health & Social Care IJB

Angus Council's Internal Audit staff work on the audit plans for both ANGUSalive and Angus Health & Social Care IJB. Reports for both bodies are presented to their respective audit

committees throughout the year. Where IJB audit reports are particularly relevant to the Council they will also be reported to the Scrutiny & Audit committee.
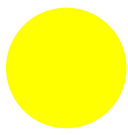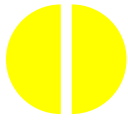
The ANGUSalive Annual Internal Audit Plan for 2023/24 was agreed at their Finance & Audit Sub-committee on 9 June 2023; two audits have been completed, with one currently in progress and another planned.

The IJB Annual Internal Audit plan for 2023/24 has now been agreed, and the work undertaken by our team has been completed and reported to the IJB auditor.

SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS

This section provides a summary of the material findings of internal audit reviews concluded since the last meeting. It also provides information on the number of recommendations made. Recommendations are ranked in order of importance, with Priority 1 being the most material. Execution of recommendations is followed up by Internal Audit and reported to this Committee.

Members are asked to consider the following summaries and provide any commentary thereon.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
IT Asset Hardware Inventory - Schools	Limited		-	7	1	-
Random Cash Counts/ Cash handling (Schools)	Limited		2	1	-	-
Continuous Auditing – Payroll Feb. – Mar. 2024	Substantial		-	-	-	-
Continuous Auditing – Creditors Duplicate Payments Dec. 2023 - March 2024	Substantial		-	-	-	-
Continuous Auditing – IT System Access	Substantial		-	-	-	*

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Risk Management	Limited		-	7	4	-
Housing Voids data recording. Item added to plan November 2023	N/A	N/A	-	-	-	2
IT Business Continuity	Limited		-	3	1	1
Tay Cities Region Deal report by Dundee City Council internal audit service	Substantial		-	2	-	2

* Further work planned in service

IT Asset Hardware Inventory – Schools

Executive Summary

Introduction

As part of the 2023/24 annual plan, Internal Audit has completed a review of IT hardware asset inventory held in 6 Angus schools to provide assurance that inventories are complete, accurate and up-to-date and that there are adequate controls in place to monitor, track and record any changes in IT hardware assets held by schools.

Background & Scope

Angus Council hold a significant volume of IT assets across a number of sites and services. In order to achieve value for money and full benefit from the hardware in use, it is important that all IT assets are tracked and managed appropriately, protected from the impact of loss or theft, able to support service delivery, upgraded and/or repaired appropriately, and replaced on a timely basis once they reach the end of their useful life.

Increased remote working makes good IT asset management even more important. IT hardware is a valuable asset and replacing lost or stolen items bears a significant cost. Loss or theft can also have significant implications given the volume of personal information held by the Council and the need to comply with GDPR.

The 2023/24 Internal Audit Annual Plan includes a review to assess and evaluate the controls in place over the IT hardware in Angus schools. An audit covering IT assets used by all other Council services, and controlled by the Digital Enablement and IT service, was carried out as part of the 2022/23 Internal Audit Plan and was reported to the Scrutiny & Audit Committee on 26 October 2023.

Scope

The audit reviewed the arrangements in place in 6 schools against the following control objectives:

- An IT asset hardware inventory is maintained by each school, with specific users identifiable for all IT devices; responsibility for maintenance of the inventory is assigned to an appropriate officer, and regular reconciliations are undertaken to ensure the inventory remains up to date.

- Adequate procedures are in place to ensure the inventory is updated promptly following purchases, allocation of devices to staff or pupils, loss or theft, and disposal.

- IT assets held within schools are stored securely when not in use, with access restricted to relevant staff only.

- Adequate procedures are in place for the return of devices from leavers (staff and pupils), and the inventory is updated at the point of return.

- Documented procedures are in place on action to be taken if devices are lost/stolen/require repair.

- Guidance and procedures are in place for the use/care of assets used remotely, including in the employee or pupil's home, and this guidance has been appropriately communicated to all staff and pupils.

Three secondary (37.5%) and three primary schools (6%) were visited, interviews were held with relevant staff, and an internally generated risk and control matrix based on the above control objectives documented the work performed. The output is a report to the Director of Education & Lifelong Learning and a summary of the outcomes to the Scrutiny and Audit Committee.

Conclusion

The overall level of assurance given for this report is **'Limited Assurance'.**

Overall assessment of Key Controls

The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Control Assessment

- 1. An IT hardware inventory is maintained, with specific users identifiable for all assets; responsibility for maintenance of inventory is assigned to an appropriate officer; regular reconciliations are undertaken to ensure inventory remains up to date.
- 2. Adequate procedures are in place to ensure the inventory is updated promptly following purchases, allocation of assets to staff and pupils, loss or theft, and disposal.

- 3. IT assets held within schools are stored securely when not in use, with access restricted to relevant staff only.

- 4. Adequate procedures are in place for the return of devices from leavers (staff and pupils), and the inventory is updated at the point of return.

- 5. Documented procedures are in place on action to be taken if devices are lost/stolen/require repair.

- 6. Guidance and procedures are in place for the use/care of assets used remotely, including in the employee or pupil's home, and this guidance has been appropriately communicated to all staff and pupils.
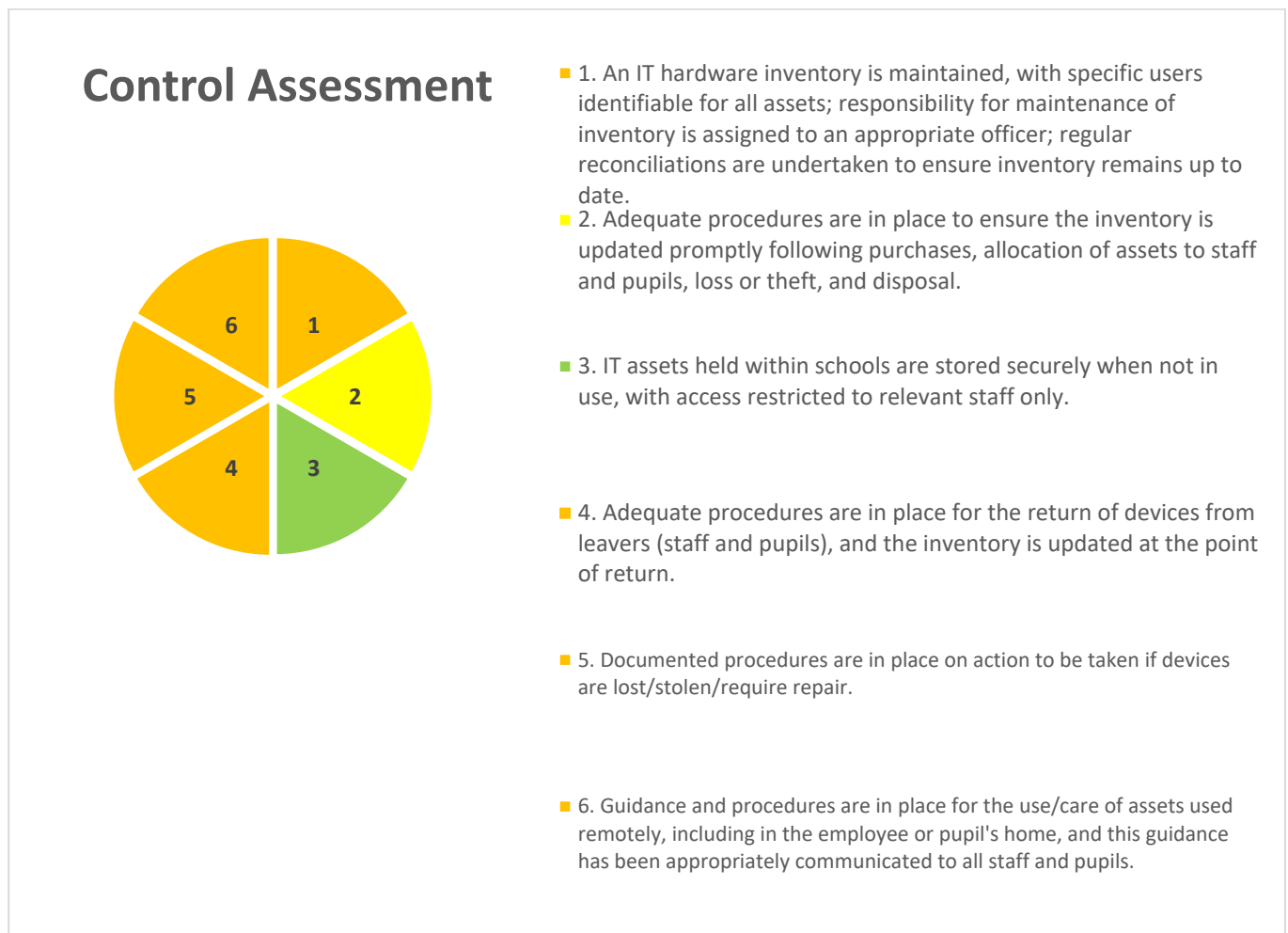
Recommendations summarised by Type & Priority

There are 8 operational control recommendations in this report, seven priority 2, and one priority 3.

Key Findings

Areas Identified for Improvement:

We have made 8 recommendations to address moderate to high risk exposure which are:

Level 2

- IT asset hardware inventory guidance should be provided to all primary schools and include a standard template for an inventory list. Once this guidance has been provided, schools should send confirmation to the directorate leadership team when they have an up to date inventory completed, to ensure all schools are following good practice.

- Reconciliation of physical stock of IT hardware and stock records should be completed annually in line with best practice and details of these reconciliations kept. This should be done for any item valued at over £100. This does not have to be at the financial year end but can be scheduled to suit any quieter periods for staff.

- Each school should assign a person responsible for ensuring the IT inventory records are accurate, with changes to devices and locations updated as necessary, and the dates of changes recorded.

- Written guidance should be provided to all schools on the processes to follow regarding purchases, allocation of devices, loss or theft and disposal to ensure consistency between education establishments.

- Guidance should be provided on the processes to follow regarding return of assets from leavers (staff and pupils) to ensure consistency between education establishments and that there is no loss to the Council of devices not being returned.

- Guidance should be provided for the use/care of assets used remotely, including in the employee or pupil's home. The Home Use Agreement forms issued during COVID should be updated as necessary and issued with devices to be used remotely. The forms can then be used to ensure devices are returned when the pupil leaves the school. If devices are out of warranty, the school should assess whether it is worth pursuing the return of these devices.

- Education staff should be reminded to inform the IT department of any equipment sent directly to a school by the supplier, and to request service numbers to be attached to each device and included in their inventory records.

Level 3

- Primary School staff should be reminded of the need to ensure obsolete equipment is disposed of promptly and in line with procedures. This could be combined with guidance in recommendation 4.

During the course of this audit, a number of other issues out with the audit scope were raised in connection to school IT equipment, particularly with regard to outdated/unreliable devices and lack of budget to replace these. These issues have not been taken into account in assessing the assurance levels for this audit. The issues raised have been shared with management in Education & Lifelong Learning. The issues raised are not the same in all schools but given the ever-increasing reliance on IT within schools it is important that IT provision is as consistent as possible across all schools and age groups, to reduce the risk of inequalities in education provision to pupils.

Impact on Risk Register

The Corporate Risk Register held on Pentana lists the following risks which are relevant to this audit:

- CORRR0007 Information Governance - A lack of consistency in operational delivery of information governance & implementation of information governance policies could expose the council to an information breach and/or Information Commissioner intervention and substantial financial penalties. Impact 4 Major, Likelihood 2 Low, Overall Score 8 Major – Low.

- CORRR0019 IT Resilience & Cyber Attack (Business Continuity) – Interruption to service or inability to provide IT services due to the loss of data centre or other critical infrastructure caused by factors such as fire, vandalism, cyber-attack, equipment malfunction. Impact 4 Major, Likelihood 4 High, Overall Score 16 Major – High, Target Score 8 Major – Low.

The direct risk is that without proper asset hardware inventory procedures and controls in place, the Council's schools could suffer financial cost or loss of personal data through theft of equipment and may have insufficient stock of usable IT equipment available to allow staff and pupils to carry out their work effectively.

Random Cash Counts – Cash Counts and Cash Handling - Schools

Executive Summary

Introduction

As part of the 2023/24 annual plan, Internal Audit has completed a review of cash counts and cash handling in 4 Angus schools to provide assurance that the procedures for cash handling and petty cash are being followed.

Background & Scope

Due to continuing incidences of cash going missing, whether fraudulently or due to proper procedures not being followed, random cash counts were added to the Internal Audit Annual Plan for 2023/24.

We performed a review of the procedures for cash handling and petty cash at four schools, Seaview Primary School, Strathmore Primary School, Forfar Academy and Monifieth High School, in February 2024. The visits were unannounced.

Apart from School Fund monies, the only cash held and administered by school staff is petty cash, which we reviewed. School Funds will be included in the random cash counts completed as part of the 2024/25 Internal Audit Plan.

A trial of using Debit Cards for petty cash transactions has recently started at two secondary and three primary schools. We were informed by a Team Leader, Finance that the process is extremely slow. Each school requires a new imprest account before they can complete a debit card application form and a new e-form with the imprest account number. The debit card can only be used once the account is set up and re-imbursed with the imprest amount. Debit cards will allow the schools to use cash machines for accessing cash as opposed to cashing cheques, but how they use/record/administer/monitor their petty cash should follow the same controls that are currently in place.

Scope

The audit reviewed the arrangements in place in 4 schools against the following objectives:

- Staff have been trained in cash handling/petty cash procedures and know where to access the procedures for future reference.

- The cash counted at the time of the audit visit agreed to the documents recording the transactions.

- Adequate physical security measures exist to protect both the employee and the cash held.

- Expenditure is recorded with receipts held and regular reconciliations of petty cash are carried out.

- Reimbursement claims are performed in line with guidance and the current level of imprest is correct for school needs.

Conclusion

The overall level of assurance given for this report is **'Limited Assurance'.**

Overall assessment of Key Controls

The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Control Assessment

- 1. Staff have been trained in cash handling/petty cash procedures and know where to access the procedures for future reference.
- 2. The cash counted at the time of the audit visit agreed to the documents recording the transactions.
- 3. Adequate physical security measures exist to protect both the employee and the cash held.
- 4. Expenditure is recorded with receipts held and regular reconciliations of petty cash are carried out.
- 5. Reimbursement claims are performed in line with guidance and the current level of imprest is correct for school needs.
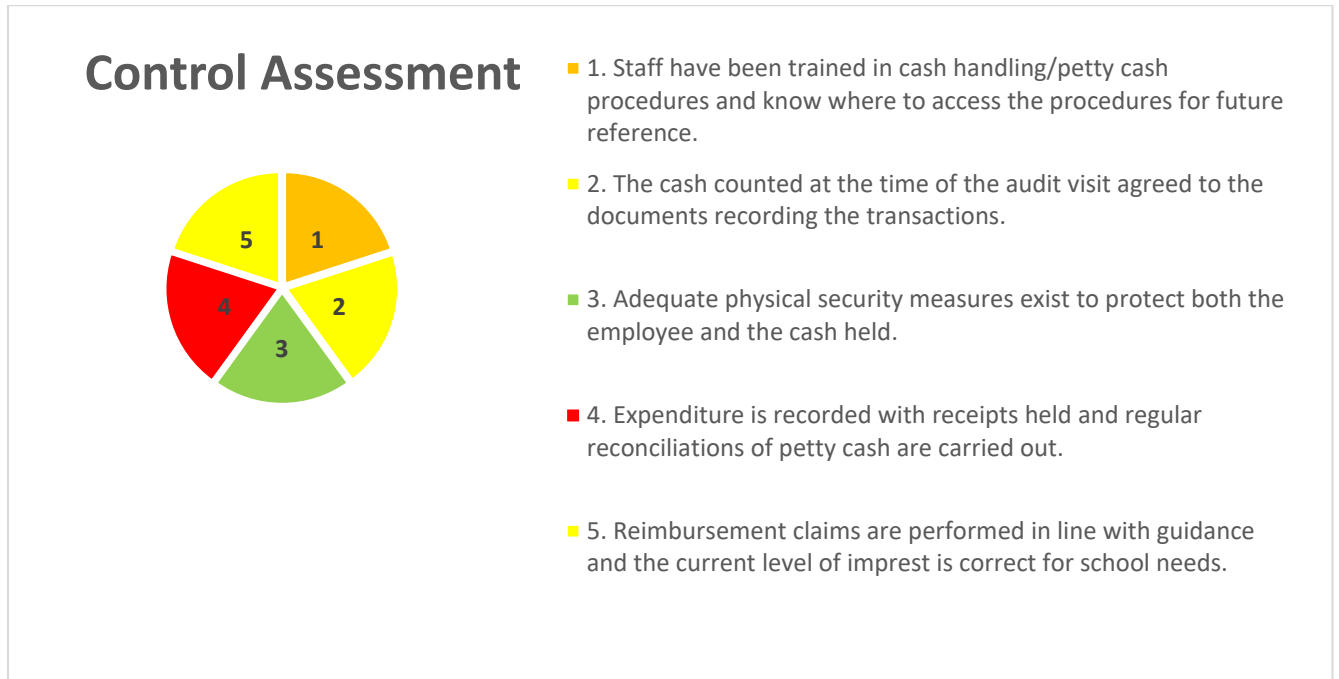
Audit Recommendations summarised by Type & Priority

Table 4 Improvement Actions by type and priority
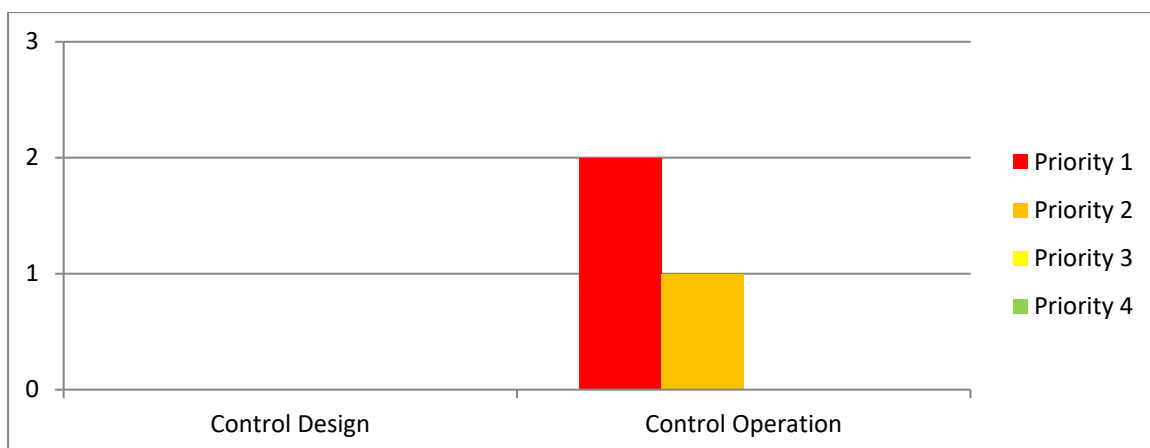
There are 3 operational control recommendations in this report, two priority 1, and one priority 2.

Key Findings

Areas Identified for Improvement:

We have made 3 recommendations to address moderate to high-risk exposure which are:

Level 1
- School petty cash guidance should be reviewed for best practice, dated, and issued to all schools with links to the corporate guidance as well as the Financial Regulations.

  The guidance should cover the following:

  - record keeping, with a template of what records should be used in primary and secondary schools.
  - VAT
  - reimbursement promptly to staff if they have already purchased the goods (although the guidance should make it clear that this should only happen in exceptional circumstances)
  - Staff should not use their own credit/debit cards for purchases.
  - The limits for petty cash purchases and consideration of whether goods should be purchased via other channels e.g., PECOS.
  - Quarterly reconciliations of petty cash by an independent member of staff
  - Safety procedures to be considered when returning to school from the bank after cashing petty cash reimbursement cheques.
  - A Petty cash E-learning module should be made available for staff to refer to as required; alternatively, the training needs of staff should be identified, and relevant training provided.

- A Petty cash E-learning module should be made available for staff to refer to as required; alternatively, the training needs of staff should be identified, and relevant training provided.

Level 2
- Schools should review their petty cash imprest level to ensure it is suitable for the needs of the school, with any required increases and decreases completed via Integra.

Impact on Risk Register

The Corporate Risk Register held on Pentana contains no risks which are relevant to this audit.

The direct risk is that without proper petty cash procedures being followed, cash may be used inappropriately, may not be held securely and may be at a risk of being misappropriated.

Data Analysis/Continuous Auditing

Continuous auditing analysing data extracted from Council systems is undertaken using the data analysis software, CaseWare IDEA (Interactive Data Extraction covering:

- Payroll
- Creditors (Accounts Payable)
- Creditors same person registration & authorisation
- System log-in access.

We are reporting on Payroll, Creditors (Accounts Payable) and System log-in access.

Payroll – February & March 2024 - Substantial assurance

In April 2024 we began looking at overtime payments as an additional item of continuous payroll auditing. This work is in progress at June 2024.

The following areas that have been audited throughout 2023/24 have been completed for February and March 2024:

1. the top 10 payments
2. for duplicate NI number
3. for no NI number
4. duplicate bank accounts

Two missing NI numbers were identified in February and March; Payroll have contacted the employees to obtain the relevant NI numbers. The reason for these has now been identified as an issue in the digital recruitment process and has been resolved so that this should not happen again. Since the issue has been resolved no action was raised in Pentana.

For March 2024, one overpayment error was identified in the top 10 payments; this was highlighted to Payroll, who are to commence action to reclaim the overpayment.

Creditors – Duplicate Payments – December 2023 to March 2024 - Substantial Assurance

For the period December 2023 to March 2024, five duplicate payments were identified, two in December and three in March, totalling £14,256.30. Recovery action has been taken in all cases. Discussion is on-going with the service to identify improvements to help prevent duplicate payments in future.

IT System Log-in Access - Substantial Assurance

IT provided us with two reports at 30 April 2024, one for accounts which have never been logged on, and one for accounts which have not logged on in the past 21 days. Review of these reports could provide a potential saving to the Council if licences for Office 365 which are no longer required for inactive accounts can be re-used for other staff. Additionally, if idle accounts are not disabled there is a risk that these could be accessed without authority.

The "Never Logged On" report showed 366 accounts, of which 12 had been disabled but the account was not deleted. The remainder will be reviewed and either disabled or deleted by IT.

The "Not Logged On for 21 Days" report listed 712 active accounts which had not been accessed since before 1 May 2024. 362 were not reviewed as these were assessed as relating to posts where access to systems is not part of their normal duties. 30 were found to relate to posts which are still current and require no further action. The remaining 220 relate to leavers, school staff, students, Tayside Health Board, contractors, external and other

accounts (e.g. where the account was no longer in use as the person had changed their name or role). Details of these have been passed to IT for review and should be disabled/deleted as appropriate.

Risk Management

Introduction

As part of the 2023/24 audit plan, Internal Audit has completed a review of Risk Management.

The factual accuracy of this report has been confirmed with:

- Jacqui Semple, Manager (Risk, Resilience & Safety)

- Alison Frew, Advisor (Insurance & Risk Compliance)

The co-operation and assistance given by all members of staff in the course of the audit is gratefully acknowledged.

Background & Scope

In January 2019, the Council introduced its Risk Management Strategy. This document highlights the importance of risk management; identification and management of risk helps support the Council's business and service planning by mitigating risks which could impair the achievement of objectives. It also sets out the Council's approach to risk management along with its risk appetite which is stated as "to minimise its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of innovation and improved outcomes".

The Council established a Risk Monitoring Group, comprising representatives from each of the directorates to provide a support function and oversee the effective application of risk management throughout the Council.

The audit was a high level review of the Council's risk management framework to ensure that there is a system to help ensure risks to the achievement of the Council's objectives are identified, with appropriate actions put in place to mitigate them. The audit has reviewed the arrangements in place against the following control objectives:

- An appropriate Risk Management Strategy/policy exists which clearly sets out roles and responsibilities, the Council's approach and appetite for risk, and is supported by comprehensive procedures.

- Effective arrangements for identifying risks are in place which include the correlation between risk management and the business planning process.

- Risks are recorded within appropriate risk registers at strategic and operational levels and are assigned risk owners.

- An appropriate methodology exists for scoring risks and for their prioritisation.

- Effective risk mitigation/treatments are put in place for each risk, with risks and their related mitigating actions being subject to regular monitoring and review. Arrangements are in place for escalating risks, if necessary.

- Appropriate reporting arrangements are in place, with due consideration given to assurance-providing activities.

Conclusion

The overall level of assurance given for this report is **'Limited'** Assurance.

Corporate risk management, including the Risk Management Strategy and risk register, has been in place for some time and is better established than service risk management. Slow progress has been made in implementing identified actions to strengthen corporate risk management, progress service risk management, and fully implement the agreed strategy. Responsibility for risk identification, assessment and management sits across the whole organisation. Services and risk owners need to pay more consistent attention to ensure progress is made at a faster pace.

Overall assessment of Key Controls

The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Control assessment
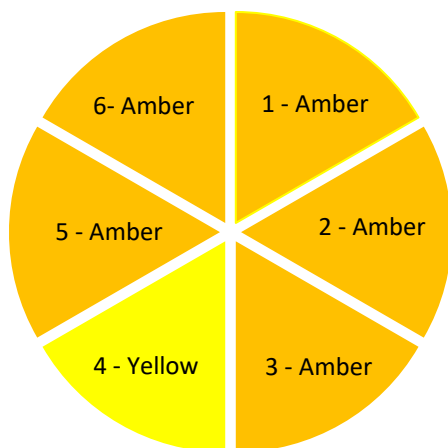
■ 1. An appropriate Risk Management strategy/policy exists which clearly sets out roles and responsibilities, the Council's approach and appetite for risk, and is supported by comprehensive procedures.

■ 2. Effective arrangements for identifying risks are in place which include the correlation between risk management and the business planning process.

■ 3. Risks are recorded within appropriate risk registers at strategic and operational levels and are assigned risk owners.

■ 4. An appropriate methodology exists for scoring risks and for their prioritisation.

■ 5. Effective risk mitigation/treatments are put in place for each risk with risks and their related mitigating actions being subject to regular monitoring and review. Arrangements are in place for escalating risks, if necessary.

■ 6. Appropriate reporting arrangements are in place, with due consideration given to assurance-providing activities.

Audit Recommendations summarised by Type & Priority

[OBJ]

Table 3 – Improvement Actions by type and priority:

There are eleven recommendations in this report; ten of which relate to the design of controls and one relates to the operation of existing controls.

Key Findings

Good Practice

- The development and delivery of risk management within the Council has been based on good and leading practice, including the Institute of Risk Management Standard, and using practice from the Association of Local Authority Risk Management (ALARM).

- A recent benchmarking exercise on strategic risk management with other local authorities (with similar demographics to Angus) highlighted areas of good practice including our strategy, supporting guidance, dashboard and reporting to committee.

- A programme of detailed corporate risk reporting to Scrutiny and Audit Committee is in place

- A full review of strategic (corporate) risks was undertaken in April 2024, and risk owners confirmed.

Future Developments

- The risk monitoring group is now ready to undertake its full remit. It has evolved into a wider group representative of all council directorates and has updated and agreed terms of reference. A new Chair and Vice Chair has been agreed.

- Meetings have been held with representatives from the Angus Health and Social Care Partnership, to review their approach and adopt some of the good practice in relation to risk appetite, risk framework and assurance methodologies.

- We are working with Zurich and the Chair of the risk monitoring group to develop a session on risk appetite for CLT and members.

- Work to update the strategy and supporting documentation is already underway.

Identified for Improvement:

During the audit we identified a number of areas for improvement and have made the following recommendations. It is acknowledged that several of these actions have been started but are not yet complete.

We have made eleven recommendations to address high and moderate risk exposures, with seven Priority 2 and four Priority 3 recommendations.

Priority 2

- Management should review and update the Risk Management Strategy and the Risk Management Process Booklet.

- The Council's Risk Appetite statement needs to be finalised and approved.

- Management should ensure that all risks are linked to the Council's objectives/outcomes, as completely and directly as possible.

- Service area risks should be appropriately recorded and managed using Pentana software.

- Management should implement formal monitoring and reporting arrangements in respect of Operational Risk Registers.

- Management should ensure that risks are appropriately escalated as required through the Risk Monitoring Group, and that the Group should fully resume its operations.

- Management should devise and implement a risk assurance framework for the Council.

Priority 3

- Management should calculate and record inherent risk scores.

- Risk registers should be regularly updated with commentary on actions.

- The Risk Management Process Booklet should include guidance on the risk level below which additional controls/actions are not required.

- Operational Risk Registers should be appropriately reviewed and updated for additional controls/actions.

Housing Voids Reporting and Housing Improvement Plan

This is an update on two elements of work undertaken by Internal Audit regarding Housing.

Background & Scope

Members of the Scrutiny and Audit Committee raised concerns about Housing Voids in November 2023 and asked that internal audit undertake an audit of voids. There was a Housing Voids audit in the 2023/24 plan, but this had been delayed pending completion of work that was underway within the service to review voids processes.
Following discussion with officers in November two issues related to voids were identified.

- the overall process for dealing with voids was under review. It was agreed that an audit at this point of the whole voids process would not be helpful, but that once changes were made to the processes it would be useful to audit and make sure the new processes are being followed. This audit is included in the agreed 2024/25 internal audit plan.
- errors had been identified with recording and reporting of voids data to the Scottish Housing Regulator. It was agreed that it would be helpful for internal audit to review the draft briefing note that was being prepared as an interim measure to address recording of voids until a review of the void status codes was completed, and that once the interim arrangement was in place we would audit its implementation.

The inaccuracies identified in data supplied to the Scottish Housing Regulator on void rent loss were:

- duplicate records were being extracted for each transaction in error, inflating the amount of rent loss reported.
- Officers were incorrectly using 'fit to let' and 'not fit to let codes' which were created to record voids that were exempt, as per Scottish Housing Regulator Guidance, from void rent loss reporting.

By February 2024, Housing had identified a number of areas for improvement and were in the process of developing an Improvement plan. Audit were asked to review the plan at a draft stage and provide any comments or advice to help ensure a clear, SMART plan was being developed. (Specific, Measurable, Achievable, Relevant and Timebound).

Conclusion

Recording and reporting void status
The activities and timeframes for implementing changes to void code recording did not all happen as planned and therefore the audit work done was slightly different to that planned in November.
At April 2024, Housing officers have reviewed and updated Voids codes in Housing's NEC system. Clear guidance on the use of codes, which is consistent with Scottish Housing Regulator Guidance, has been finalised in a briefing note with staff training planned for late May. Internal Audit has reviewed the guidance. Testing on recording of voids has not been undertaken but will be followed up in the 2024/25 voids audit. It is recognised by the Service that there may still be some incorrectly classified "not fit to let" properties in the system which will therefore be incorrectly reported, but these will be resolved as properties are let and the new classification scheme is used.
Housing officers have re-written the reporting script for void rent loss and testing has been undertaken to check that issues identified with reporting have been resolved. New codes added have been tested to ensure they are picked up in reports. Audit has not re-performed this testing.

Learning point

- System updates should trigger testing to ensure bespoke reports written to extract data still function properly.
- When planning system upgrades, bespoke reports that will continue to be used should be identified at the planning stage so that they can be tested to ensure they still work as required or be updated.

Housing Improvement Plan
Internal audit reviewed the draft Improvement plan in April 2024 and the final version presented to the Communities Committee on 11 June 2024 (Report 185-24 refers). All of the areas discussed in April were incorporated into the final plan, or assurances were provided that they are being implemented in managing its delivery.
The plan presented to the Communities Committee on 11 June 2024 is SMART.
Interdependencies of the key items in the Plan have been identified, baseline information is included and on-going monitoring is planned by the Housing management team.

IT Business Continuity Planning

Background & Scope

An organisation's ability to respond to unexpected events and provide continuity of service has become ever more pertinent in recent years. It is essential that formal plans and procedures exist to support organisations in the event of disruption to their services.

In particular, there is significant reliance on the Council's IT team to support and make available technology which underpins services across the Council. The team needs to be able to provide this when a business disruption occurs that impacts on their service provision. It is for this reason that the IT team needs to have a formal approach to IT Business Continuity be established. To enable this, a formal approach and structure should be agreed, and effective governance should be in place to ensure resilience and continuity arrangements align with business requirements.

Our review examined the effectiveness of IT Business Continuity arrangements in responding to disruption which may compromise business as usual operations. We considered the adequacy of key policies and procedures and the effectiveness of approaches to governance, structure of planning, and testing arrangements.

The audit reviewed the arrangements in place against the following control objectives:

- An overarching approach to Business Continuity Management has been agreed and adequate policies, standards and processes relating to IT Business Continuity have been developed, approved and implemented.
- Business Impact Assessments for the Digital Enablement and IT Service are documented to demonstrate a comprehensive understanding of key services provided and the critical activities that support them. Business Impact Assessments are used to inform Business Continuity Planning.
- IT Business Continuity Plans are maintained and set out comprehensive and robust continuity and recovery strategies, including the initial response to an incident. The structure and number of Business Continuity Plans is appropriate and proportional to the scale of the organisation and its IT service.
- IT Business Continuity Plans align to wider service plans where appropriate.
- Resilience, continuity and recovery arrangements are subject to testing and exercising and continuous maintenance. Their effectiveness is regularly evaluated, with lessons learned during live events and tests assessed and used to inform ongoing planning.

Conclusion

The overall level of assurance given for this report is '**Limited'** Assurance.

Overall assessment of Key Controls

The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Control assessment
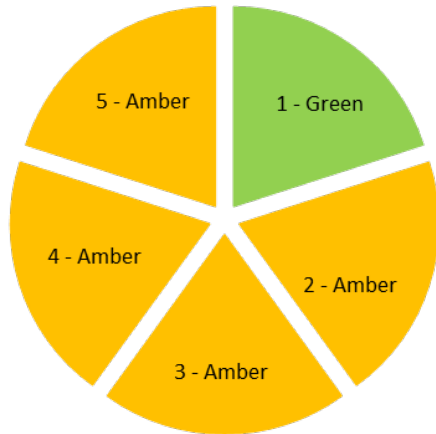
1. An overarching approach to Business Continuity Management has been agreed and adequate policies, standards and processes relating to IT Business Continuity have been developed, approved and implemented.

2. Business Impact Assessments for the Digital Enablement and IT Service are documented to demonstrate a comprehensive understanding of key services provided and the critical activities that support them. Business Impact Assessments are used to inform Busi

3. IT Business Continuity Plans are maintained and set out comprehensive and robust continuity and recovery strategies, including the initial response to an incident. The structure and number of Business Continuity Plans is appropriate and proportional to

4. IT Business Continuity Plans align to wider service plans where appropriate.

5. Resilience, continuity and recovery arrangements are subject to testing and exercising and continuous maintenance. Their effectiveness is regularly evaluated, with lessons learned during live events and tests assessed and used to inform ongoing planning

Audit Recommendations summarised by Type & Priority

There are five recommendations in this report; all of which relate to design control recommendations (three priority 2, one priority 3, one priority 4).

Key Findings

Areas Identified for Improvement:

During the audit we identified a number of areas for improvement and have made the following recommendations.

We have made five recommendations to address high, moderate, limited risk exposures, covering: three Priority 2, one Priority 3, one Priority 4 recommendations.

Priority 2

- Business Impact Assessments (BIAs) should be undertaken by the Digital Enablement and IT Service to ensure that there is a detailed understanding of the service's critical business activities. This is a key element in supporting the development of business continuity plans.
- Business Continuity Plans (BCPs) for the service should be renewed and be based upon the outcomes of Business Impact Assessments. A process should be developed to ensure that the plans are aligned to the requirements of the wider council and to ensure that they are subject to at least annual review.
- A risk-based programme of testing should be developed for business continuity plans. This testing should assess the resilience, continuity and recovery arrangements to validate the effectiveness of BCP processes. Different types of testing should be considered to confirm the robustness of BCPs.

Priority 3

- Lessons Learned reports should be documented as part of testing and live incidents to understand strengths, gaps and areas for improvements in BCPs and response activities. The actions arising from these reports should be documented and tracked.

Priority 4

- The Actions Arising logs should be reviewed and updated to ensure that all information is recorded. The logs should be subject to regular review to confirm tasks are being addressed as expected.

Wider learning points

- The above issues, whilst specific to the Digital Enablement & IT service, could exist in other services. Management should ensure that BIAs are performed and are used as the basis for identifying critical business activities. The quality of this process is vital as BIAs provide the basis for determining those services/activities where BCPs are necessary.
- The review also highlights the importance of testing of BCPs. There has not been a formal test of BCPs for several years. These are important in assessing whether the BCPs that have been developed are capable of supporting an organised and coherent response to a business disruption.

Tay Cities Region Deal

The following report by Dundee City Council's Internal Audit service was made to the Tay Cities Region Deal Board and to Dundee City Council's Scrutiny Committee in September 2023. The Substantial Assurance level provided (Systems of control are generally sound, however there are instances in which controls can be strengthened, or where controls have not been effectively applied giving rise to increased risk) is equivalent to the Angus Substantial Assurance level. The report below was made available to Angus Members as an Information Report in November 2023 and has now been included here following discussion at the April Scrutiny and Audit committee.

Conclusion

<div style="border:1px solid black">

Substantial Assurance

Governance Structures and processes for the Tay Cities Region Deal are robust and well-designed. However, the failure of projects to present business cases in line with their originally agreed timescales presents a risk to the delivery of the Deal programme.

We can observe that the Partnership is taking action to address this and other developing risks, such as the impact of inflation on the viability of proposed and ongoing projects. We have raised recommendations with a view to strengthening arrangements for monitoring, reporting, and risk management.

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Introduction

The Tay Cities Region Deal Grant Offer terms for 2022-23 were issued by the Scottish Government on 1 July 2022 and signed by the Chief Executive of Dundee City Council, as Accountable Body, on behalf of the Tay Cities Region Deal.

The terms require that the Tay Cities Region Deal "should be subject to an audit, forming part of the Accountable Body's Risk Based Internal Audit Plan every second year as a minimum." This report is presented to the Tay Cities Region Joint Committee in fulfilment of that remit.

Background

The Tay Cities Region Deal (the Deal) is a programme of investment to deliver economic growth across the region. The Tay Cities Region Partnership (the Partnership) comprises Angus, Dundee City, Fife, and Perth & Kinross councils; the Higher and Further Education sectors; the business sector; the region's third sector interface bodies; Scottish Enterprise, Skills Development Scotland, Tactran, and Visit Scotland.

The Scottish and UK governments have each agreed to invest up to £150 million in the Deal. This investment has the potential to secure over 6,000 jobs and generate £400 million of investment over 15 years. It will enable the region to "empower and promote inclusion", "innovate and internationalise" and "connect". The Deal was signed on 17 December 2020.

An internal audit was carried out in 2020/21 (Year 1), which considered the developing governance structures, and processes for approval of business cases and monitoring of project implementation. Responsibility for administering these rests with the Project Management Office (PMO) which comprises a group of officers employed by Dundee City Council as Lead Authority and Accountable Body for the Deal. Two projects had progressed to the stage of drawing down funds at the time of the previous audit.

There is an agreed Governance Structure set out in the signed Deal Document (https://www.taycities.co.uk/sites/default/files/tay_cities_deal_doc_feb_8.pdf). This includes

the Tay Cities Region Joint Committee (the Joint Committee) which was established by Local Authority Partners in 2017. It is governed by the Joint Committee Governance Agreement. It has two roles: to lead economic regional collaboration and be the ultimate regional decision making body for the Deal.

The Joint Committee is the decision making body for the release of any funding. It is supported by a broad range of boards, groups and forums. These include three advisory groups, two forums to provide an interface with the Education and Business Sectors, and five Thematic Boards with remits aligned to the Regional Economic Strategy priorities. Going forward, the Joint Committee will continue to have a role in considering and approving business cases. In addition to this, it will have a key role in monitoring and evaluation of delivery of the commitments within the Deal.

At the time the review was planned in September 2022, 17 projects, 2 programmes, and 1 fund had received approval from the Joint Committee, and the programme was forecasting a £0.75m underspend against a draw down profile of £38m in capital and revenue funding for Year 3.

Since the outset of the review, the Partnership has reported that a total of £33.9m acceleration has been awarded by the Scottish Government, and just over £100m of funding has been released. £231m of Investment has been approved by Joint Committee and £123m of leverage secured. The Deal has thus far created 677 jobs. These are set out in more detail in the Annual Performance Report (https://www.taycities.co.uk/sites/default/files/2023-03/Annual%20Performance%20Report%20Oct%202021%20-%20Sep%202022.pdf)

The Partnership have stated that they have undertaken two Annual Conversations with the Scottish and UK Governments, in which they have been complimented on their progress of delivering the Deal, and recognised as an exemplar, developing and leading the national PMO networking group and sharing best practice with other Deals.

Scope

High level review of progress with Tay Cities Region Deal projects and compliance with grant offer guidance.

The overall objective is to confirm that there are adequate controls in place to ensure that projects are approved in a timely manner, and that compliance with grant award conditions and project progress is monitored and reported.

Objectives

		Action Priority and No.			
		C	**H**	**M**	**L**
1 Review the effectiveness and efficiency of arrangements for the submission, scrutiny, approval, and change of business cases, including alignment with the timing requirements of the funding agreement.	**Substantial Assurance**	-	1	-	-
2 Confirm that projects are required, through governance and grant conditions, to apply adequately robust project management to support monitoring and reporting.	**Comprehensive Assurance**	-	-	-	-
3 Review the arrangements for the monitoring and reporting of project progress, and escalation procedures where projects do not achieve planned milestones or deliver planned objectives.	**Substantial Assurance**	-	1	-	2
4 Confirm that funding is only drawn down from Scottish Government on submission of a complete, timely drawdown request in compliance with a clearly defined procedure.	**Comprehensive Assurance**	-	-	-	-
TOTAL		-	2	-	2

Definitions of levels of Assurance and Action Priorities are equivalent to those used by Angus Council (where critical = 1; High = 2; medium = 3; and low = 4).

Key Findings

We identified a number of areas of good practice:

- There is a clearly articulated and well-established approval pathway for Tay Cities Region Deal Business Cases, supported by a coordinated forward plan for committee work.

- Grant Conditions require that funded projects establish, monitor, and communicate their progress, in terms of adherence to financial plans and achievement of planned milestones.

- Drawdown requests are submitted to the Scottish Government through a well documented process which includes multiple levels of approval, assessment of eligibility of claimed spend, and appropriate segregation of duties.

- A structured approach to Benefits Realisation management is in development, with good progress on developing reporting on project benefits and commitments. A Benefits Realisation Plan is in place, and a reporting cycle for reporting has been agreed with both Governments.

- The Project Management Office (PMO) has successfully advertised and filled two of its three vacant posts during the completion of fieldwork. Fully staffing the

PMO will take pressure off the current team, maintaining its existing high level of delivery and reducing overall delivery risk to the Deal programme.

We have identified the following areas for improvement:

- No funding can be claimed without an approved Business Case. Projects are requested to secure approval ahead of the financial year in which they are profiled to drawdown funding. This requirement has been in place since Heads of Terms were agreed and is to ensure that funding can be drawn down from government in line with the agreed Deal funding profile. The Deal is now in Year 4 of Delivery. Some Projects are failing to present Business Cases in line with these timescales, with the result that they are not securing approval ahead of their awarded funding profile. Failure to achieve planned timetables and financial profiles on the part of individual projects places risk on both the Project Owner and the Partnership's management and delivery of the Programme. This has to date been primarily managed through acceleration of drawdown for those projects which are able to spend ahead of their planned profile, however the programme is entering a period in which there are fewer options to accelerate funding in this way. It is therefore important that the Partnership address the issue of late submission of business cases as a matter of urgency. Partnership Sponsors should reiterate to Project Owners the requirement to adhere to business case deadlines, and the consequences of failing to do so.

- A risk register reporting process has been agreed with the Partnership and both Governments. While there is good evidence of action to quantify and put in place mitigations for new and emerging risks, these actions and their impact is not always clearly reflected in the programme risk register. Where risk scores are persistently high, the risk register does not clearly distinguish whether this is a result of external factors or if there are required enhancements to internal control.

- The form and content of reporting to the Management Group, Joint Committee and both Governments has been developed from Heads of Terms. There is not currently a formal review process of this. Putting in place a mechanism to confirm that the content of reporting meets the needs of the Partnership would enhance scrutiny.

- There is limited visibility of issues of compliance with monitoring requirements. Overall project governance would be enhanced by regular reporting to the Management Group of the extent to which projects are providing, on a timely basis, the monitoring information set out in their grant terms.

- A small number of housekeeping matters were also discussed and resolved during the audit.

In some areas, we found that changes to processes were already under development which addressed matters which may otherwise have been raised as findings:

- There is an agreed change control process developed by the Partnership with both Governments. However, it is recognised by both Governments and the Partnership that due to the impact of inflation, the process requires a review and refresh. This is underway with a target completion date of 31 December 2023.

- The PMO has recently developed an early warning process to highlight any significant risks around the delivery of a Project or commitments to the Management Group.

Impact on risk register

The Tay Cities Region Deal risk register included, as at July 2023, multiple red-rated risks:

- **Global Supply Chain Issues. Combined effect of Brexit / Covid / Ukraine Conflict** (residual risk score 25) (note that this risk encapsulates the impact of inflation arising from these factors)

- **Programme Management** (residual risk score 25)

- **PMO resource and capacity issues** (residual risk score 25)

- **Delays in development and approval of business cases** (residual risk score 16)

- **Failure to deliver individual projects within the TCD programme** (residual risk score 16)

The risk titled "Global Supply Chain" brings together a number of existing pressures impacting upon the viability of individual projects. The maximum scoring (impact 5, likelihood 5) reflects that these risks are not yet fully quantified, and not yet mitigated. In particular, the impact of Inflation has been discussed in detail by the Partnership since spring 2022, and is reflected in standing items on both the Management Group and Joint Committee agendas. The Tay Cities Region Deal PMO has also led a discussion through the PMO network, with contributions from both Governments.

Since the completion of audit fieldwork, we have been provided with additional evidence outlining the work that the Partnership has undertaken to assess the impact on business case assumptions and the viability of projects. The present inflationary environment means that financial assumptions may no longer hold, or will need to be revised, and as noted above the change process is being reviewed to take account of the impact of inflation. It is likely that within the medium term either a project will indicate, or the Partnership will determine, that a project or projects is either no longer viable or no longer capable of delivering its planned benefits.

Recommendation 2 notes that risks linked to inflation arise as a consequence of factors that are outwith the control of projects or the Partnership, meaning that it may not be possible to fully mitigate their impact. This can present a reporting issue as it may be deemed appropriate for residual risk scoring to remain high, potentially obscuring the effect of those controls which can be applied within the scope of the Partnership's influence. We have proposed a means of factoring this into the Programme risk register to better support scrutiny of risk management.

Delays in the submission of business cases exacerbate the risk that a project's viability will be threatened by increasing costs. We have made recommendations which relate to the controls around the management of business case presentation.

The majority of mitigations for these risks relate to the management of the timetable for business case approval, management of project expenditure against the Deal funding drawdown profile, and monitoring of project progress. Our findings indicate that there is scope for more proactive management of these issues.

Projects themselves must, under the terms of their grant agreements, monitor and report on delivery risk to the PMO. Recommendation 4 relates to the controls which enable the Partnership to gain additional assurance that these arrangements are operating effectively and that these risks are being managed.

Implementation of actions resulting from Internal Audit recommendations

Background

The summary report is presented below in accordance with the agreed reporting schedule.

Summary of Progress – Internal Audit

The figures presented in the tables below have been obtained after analysis of the audit actions recorded and monitored on the Pentana Performance system. The information presented below reflects the 28 (13 on 15 April 2024) Internal Audit actions outstanding on 30 May 2024 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- Table 1 shows the number of actions which would have been overdue but have had the **original completion date extended**.
- Table 2 shows the number of actions in progress which have not yet reached their due date.

Internal Audit Actions - In Progress – 30 May 2024 (due date extended)

Directorate	Audit Year	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Vibrant Communities & Sustainable Growth	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	1	1	-	-	-	2
	2023/24	-	-	-	-	-	-
Infrastructure & Environment	2019/20	-	-	-	-	-	-
	2020/21	-	1	-	-	-	1
	2021/22	-	-	-	-	-	-
	2022/23	-	-	-	-	-	-
	2023/24	-	-	-	-	-	-
Finance	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	-	1	-	-	-	1
	2023/24	-	1	-	-	-	1
Legal, Governance & Change	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	1	-	-	1
	2022/23	-	1	-	-	-	1
	2023/24	-	-	-	-	-	-
HR, OD, DE, IT & Business Support	2019/20	-	1	-	-	-	1
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	-	4	1	-	-	5
	2023/24	-	-	-	-	-	-
Grand Total		**1**	**10**	**2**	**-**	**-**	**13**

Internal Audit Actions - In Progress – 30 May 2024 (not yet reached due date)

Directorate	Audit Year	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Education & Lifelong Learning	2022/23	-	-	-	-	-	-
	2023/24	2	8	1	-	-	11
Children, Families & Justice	2022/23	-	-	-	-	-	-
	2023/24	-	1	-	-	-	1
Finance	2022/23	-	-	-	-	-	-
	2023/24	-	1	1	-	-	2
HR, OD, DE, IT & Business Support	2022/23	-	1	-	-	-	1
	2023/24	-	-	-	-	-	-
Grand Total		**2**	**11**	**2**	**-**	**-**	**15**

Summary of Progress – Counter Fraud

Internal control actions resulting from counter fraud reviews are included in Pentana to allow them to be monitored more effectively. Counter Fraud recommendations are not assigned a priority. There is currently 1 Counter Fraud action outstanding at 30 May 2024, as outlined in the tables below.

Counter Fraud Actions – In Progress – 30 May 2024

Directorate	Year review Carried Out	Total
Infrastructure & Environment	2024/25	1
Grand Total		**1**

DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES

Level of Assurance definitions

Level of Assurance	Definition
Comprehensive Assurance	There is a sound control framework in place designed to achieve the system objectives, which should be effective in mitigating risks. Some improvements in a few, relatively minor, areas may be required, and any residual risk is either being accepted or addressed by management.
Substantial Assurance	The control framework in place is largely satisfactory, however there are a few areas where improvements could be made to current arrangements to reduce levels of risk, and/or there is some evidence that non-compliance with some controls may put some of the system objectives at risk.
Limited Assurance	Some satisfactory elements are evident within the control framework. However, some significant weaknesses have been identified which are likely to undermine the achievement of objectives, and/or the level of non-compliance with controls puts the system objectives at risk.
No Assurance	The control framework is ineffectively designed and operated. The issues identified require immediate attention to address the risks to the Council which are currently unacceptable. Significant improvements are required.

Control assessment definitions

Control Assessment	Definition
Red	Fundamental absence or failure of key control
Amber	Control objective not achieved – control is inadequate or ineffective
Yellow	Control objective achieved – no major weakness but scope for improvement
Green	Control objective achieved – control is adequate, effective & efficient

Recommendation Priority definitions

Priority	Definition
1	Recommendation concerning the absence/failure of fundamental control which is critical to the success of the system. Major weakness which significantly impairs the overall control framework. Immediate management action required. **Very high-risk exposure**.
2	Recommendation concerning absence or non-compliance with key control which creates significant risks within the organisation. Substantial weakness identified. Prompt management action required. **High-risk exposure**.
3	Recommendation concerning absence or non-compliance with lower-level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened, and the risks reduced if it were rectified. To be addressed by management within a reasonable timescale. **Moderate risk exposure**.
4	Recommendation concerning minor issue, which is not critical, but implementation would improve the system and/or strengthen controls. To be addressed by management within a reasonable timescale. **Limited risk exposure.**