

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 20 AUGUST 2019

INTERNAL AUDIT ACTIVITY UPDATE

REPORT BY CATHIE WYLLIE, SERVICE LEADER - INTERNAL AUDIT

ABSTRACT

This report provides the Internal Audit Activity update on the main findings of internal audit reports issued since the date of the last Scrutiny and Audit Committee.

1. RECOMMENDATIONS

It is recommended that the Scrutiny and Audit Committee:

- (i) Approve the update of job titles and that no further change is required to the Internal Audit Charter;
- (ii) Note that the exercise of any rights under the Internal Audit Charter shall be in accordance with any relevant legal parameters;
- (iii) Note the availability of Audit Scotland's Fraud & Irregularities Update 2018/19 on the Elected members' Sharepoint site and that further information on this will be brought to a future meeting;
- (iv) Note the update on progress with the 2018/19 Internal Audit Plan;
- (v) Note the update on progress with the 2019/20 Internal Audit Plan;
- (vi) Note management's progress in implementing internal audit recommendations.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN (LOIP) AND COUNCIL PLAN

The contents of this report contribute to the achievement of the corporate priorities set out in the Angus Local Outcomes Improvement 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. BACKGROUND

Introduction

The annual internal audit plan was ratified 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 plan.

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.

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. The latest results are included in the Update Report at **Appendix 1**.

4. CURRENT POSITION

Work continues within the Internal Audit team to complete a small number of items from the 2018/19 Internal Audit Plan agreed by this Committee in April 2018 (Report 134/18 refers) We are also progressing the 2019/20 plan agreed by this committee in March 2019 (report 71/19 refers). Ad hoc requests for advice are being dealt with as they arise.

5. INTERNAL AUDIT CHARTER

Internal audit services are delivered in compliance with Public Sector Internal Audit Standards (PSIAS). As part of the PSIAS a Charter is required recognising the mission of Internal Audit and describing the mandatory elements of professional internal audit practice. The PSIAS describe the Charters as

“a formal document that defines the internal audit activity’s purpose, authority and responsibility. The internal audit charter establishes the internal audit activity’s position within the organisation, including the nature of the Chief Audit Executive’s (Service Leader – Internal Audit’s) functional reporting relationship with the board (Scrutiny and Audit Committee); authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.”

The Internal Audit Charter (**Appendix 2**) is reviewed annually to ensure it remains fit for purpose, and approved by the Scrutiny & Audit Committee. No new guidance on the contents of the Internal Audit Charter has been issued since the last review in August 2018 (Report 239/18 refers). A review of Cipfa’s updated statement on the Role of the Head of Internal Audit, published in June 2019, has not identified any required changes. Job titles of staff noted in the charter have changed. As a result the only identified changes are to update job titles. It is recommended that the committee approve the update of the job titles and that no further change is required to the content of the Internal Audit Charter. It should be noted that the exercise of any rights under the Internal Audit Charter shall be in accordance with any relevant legal parameters.

6. AUDIT SCOTLAND FRAUD AND IRREGULARITIES UPDATE 2018/19

Audit Scotland published this report on 2 July 2019. It is available from their website, and has been uploaded on the elected members’ Sharepoint site.

The report “aims to share information about cases where internal control weaknesses in public bodies have led to fraud and irregularities, to help prevent similar circumstances happening again. It is based on information reported to Audit Scotland about significant frauds and other irregularities in public bodies during 2018/19. The level of fraud and irregularity reported is small compared to Scottish public sector expenditure of £44 billion.”

The report makes recommendations that organisations review the weaknesses in internal control that facilitated the frauds and consider if they may also exist in their own organisation. We are currently reviewing the issues raised and will bring a further report to committee with the results of that review.

7. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

NOTE: The following 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.

Audit Scotland’s Fraud & Irregularities Update 2018/19
Cipfa The role of the head of internal audit 2019

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Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

20 August 2019

Cathie Wyllie
Service Leader – Internal Audit
Strategic Policy, Transformation & Local Government Reform

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Introduction

This report presents the progress of Internal Audit activity within the Council up to the 9 August 2019 and provides an update on:


- Progress with the 2018/19 Internal Audit Plan;
- Progress with the 2019/20 Internal Audit Plan, and
- Progress with implementing internal audit recommendations.

Audit Plan Progress Report

2018/19 Internal Audit Plan – Progress update

The table below summarises progress on items previously reported as outstanding as at the 10 June 2019 (Report 195/19 refers). Definitions for control assurance assessments are shown on page 27.

We planned to report these items in full in the August 2019 committee. There have been delays to completion due to availability of staff, primarily due to holidays, and also a request to delay work to accommodate workload.


Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (<i>target in italics</i>)
Corporate Governance					
New Management Structure - revised Governance Arrangements	April 2019	Interim reporting	N/A	N/A	18 June 2019
Final report	May/June 2019	Complete	N/A	N/A	20 August 2019
Internal Controls					
Contract specification process	March/April 2019	Draft report under review			<i>24 Sept. 2019</i>
Legislative and other compliance					
Carbon Reduction & Climate Change Targets 2020	Feb. 2019	Complete	Comprehensive Limited		20 August 2019
Procurement Reform (Scotland) Act 2014	April. 2019	In Progress			<i>24 Sept. 2019</i>

2019/20 Internal Audit Plan – Progress update

The 2019/20 internal audit plan was approved at the March meeting of the Scrutiny & Audit Committee (Report 71/19 refers). The table below summarises progress as at the 9 August 2019. Definitions for control assurance assessments are shown on page 21.

Scott Moncrieff was appointed in February 2019 to provide IT audit support to the Internal Audit team. Their input concentrated initially on completion of the 2018/19 planned work. At a meeting on 2 August 2019 the 2019/20 planned work was reviewed and agreed as the correct focus for this year's plan.

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Corporate Governance					
Corporate Governance annual review – 2018-19	June 2019	Complete	N/A	N/A	18 June 2019 (report 196/19)
Risk Management	Jan./Feb. 2020				<i>21 April 2020</i>
GDPR compliance	Jan./Feb. 2020				<i>21 April 2020</i>
Tay Cities Deal (Joint work with other Tay Cities councils)	March 2020				<i>21 April 2020</i>
Corporate planning, performance management and public reporting	Nov. 2019				<i>21 Jan. 2020</i>
Community planning partnership Governance, LOIPs	Nov./Dec. 2019				<i>3 March 2020</i>
Annual Assurance re IJB	April/May 2020				<i>16 June 2020</i>
Financial Governance					
Payroll/Resourcelink processes – Leavers and establishment changes	Jan./Feb. 2020				<i>21 April 2020</i>
Review of expense claims	Sept. 2019				<i>19 Nov. 2019</i>
Review of Voluntary Severance scheme	July 2019	Fieldwork in progress			<i>24 Sept. 2019</i>
Data Analysis: Payroll & Accounts payable	On-going	In progress			<i>24 Sept. 2019</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Review of Cash Handling arrangements: Cash receipts	July/Aug. 2019	Fieldwork in progress			<i>19 Nov. 2019</i>
Review of Cash Handling arrangements: Petty Cash	June/July 2019	Complete	Substantial		20 August 2019
Car Parking Income	August 2019	Planned			<i>24 Sept. 2019</i>
Pupil Equity Fund	Sept. 2019				<i>19 Nov. 2019</i>
Comfort funds	March 2020				<i>16 June 2020</i>
Income management systems	Late Oct./Nov. 2019				21 Jan. 2020
IT Governance					
Eclipse post implementation Review (Children & Families)					TBC
IT resilience & disaster recovery					TBC
IT user access Administration (Housing Northgate)					TBC
Internal Controls					
Business continuity planning and disaster recovery	Oct. 2019				<i>21 Jan. 2020</i>
Licensing system	March 2020				<i>16 June 2020</i>
Adults with Incapacity – Interim Procedures	June/July 2019	Fieldwork suspended temporarily in July 2019 at the request of the service and in consultation with the CSWO; interim findings reported to service.			TBC

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Procurement – exemptions from Tendering process	Dec. 2019				<i>3 March 2020</i>
Asset Management					
Stocks and IT Hardware Inventories	Jan. 2020				<i>3 March 2020</i>
Review of Roads and Building Maintenance	Oct. 2019				<i>21 Jan. 2020</i>
Housing Improvements – Capital Grants	Feb. 2020				<i>21 April 2020</i>
Legislative and other compliance					
LEADER – Rural Funding	October 2019				<i>21 January 2020</i>
Carbon Reduction	Feb 2020				<i>21 April 2020</i>
Community participation requests & Participative budgeting	Feb. 2020				<i>21 Apr. 2020</i>
Housing – National Regulatory Framework	Dec. 2019				<i>3 March 2020</i>
Identification of new legislation	Late Aug./Early Sept. 2019				<i>19 Nov. 2019</i>
Private water supplies legislation	Late Nov./Early Dec. 2019				<i>3 March 2020</i>
Other					
PSIAS compliance External review	Autumn 2019				<i>TBC</i>
Review of the Role of the Head of Internal Audit self-assessment	July 2019	In progress	N/A	N/A	<i>24 September 2019</i>
Review of Accounts Commission Fraud and Irregularities Update 2018/19	July/August 2019	In progress			<i>24 September 2019</i>
Consultancy and Advice					
Finance Service capacity review	TBC				<i>TBC</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Business support review	March 2020				<i>20 April 2020</i>
Support for change programme and other specific projects if required.	As required				<i>As required</i>

Dates shown above are provisional and require to be agreed with the relevant services. This will be finalised during August 2019.

Angus Alive and Angus Health & Social Care IJB

Angus Council's Internal Audit staff are committed to work on the audit plans for both Angus Alive and Angus Health & Social Care IJB during 2019/20. Plans for both have been agreed. Reports for both bodies are presented to their respective audit committees throughout the year.

Summary 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 level 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: -

- New Management Structure

The following items are out in draft and will be included if finalised:

- Carbon Reduction & Climate Change
- Petty Cash Procedures

New Management Structure – Governance of Internal Working Groups

The 2018/19 Internal Audit Plan included work on governance in light of the new Council management structure which was implemented on 1 April 2018 (report 418/17 refers). The overall objective of the agreed work is to consider the procedures and processes in place regarding the governance of the Council's various internal working groups and forums, particularly in light of recent changes to the Council's management structure.

The scope of the review was to:

- Identify and map the Council's key internal working groups and forums;
- Review their terms of reference, interdependencies and reporting lines;
- Consider whether working arrangements and governance of these groups are appropriate and in line with best practice.

In Report 195/19 we reported interim findings to the June committee as follows:

“At 17 May we had identified 130 groups. The information that we have gathered so far about these groups varies in detail. Where sufficient information was available we have mapped the groups and their interdependencies. This will be provided to CLT for further consideration and to identify how best to conclude the information gathering to allow all of the audit objectives to be addressed. Once this has been completed a further report will be made to this committee.”

The findings, including some additional information received following the interim report, were discussed with the Depute Chief Executive.

The Senior Leaders' Forum workshop in June 2019 investigated the council's involvement in external partnerships and collaborations. The findings from this discussion, and recommendations about good practice in working arrangements and governance, including that Terms of Reference should be established for all groups, will be reported to CLT shortly. My review of the Senior Leaders Forum findings confirmed that they cover the good practice that I would expect to see. The governance requirements of internal and external groups/collaborations are very similar and therefore the recommendations to be made can cover both contexts.

To avoid duplication, we do not propose to complete the Internal Audit work as originally planned. The mapping and information gathered to date will be included with the report to CLT on the results from the Senior Leaders Forum. This will allow individual services to review the information we have gathered for their area and take appropriate action as required to meet the recommended good practice for these internal groups.

Carbon Reduction & Climate Change

Executive Summary

Introduction

As part of the 2018/19 annual plan, Internal Audit has completed an annual review of the Carbon Reduction return and to provide assurance that the Council is complying with the requirements of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme and Climate Change (Scotland) Order 2015.

The factual accuracy of this report has been confirmed with:

Carbon Reduction Commitment

Doug Henderson, Manager Property Assets, Kevin Birnie, Team Leader – Utilities & Engineering Services and Caren Webster, Senior Energy Technician.

Climate Change

Gavin Balfour, Service Leader – Assets, Alan Hunter, Development Standards Manager
Brenda Roddy, Environmental Strategy Project Officer, Kate Cowey, Service Leader – Planning & Communities, Kelly Ann Dempsey, Environmental Strategy Project Officer, Alison Smith, Service Leader – Strategic Policy & Economy, Merlyn Dunn, Manager – Economic Development.

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

Background & Scope

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory carbon emissions reduction scheme for the UK. It was introduced by the UK Government to help meet legally binding greenhouse gas reduction targets established by the Climate Change Act 2008.

The CRC scheme is currently in Phase 2 which commenced on 1 April 2014 and runs until 31 March 2019. The scheme requires that a periodic review of the internal procedures and a quality check of the data are carried out. This has been carried out by Internal Audit annually since 2012.

In addition to the requirements of the CRC Scheme, Angus Council has duties under Section 44 of the Climate Change (Scotland) Act 2009 to contribute to reducing Scotland's greenhouse gas emissions; to contribute to helping Scotland adapt to a changing climate; and to act in a way that it considers most sustainable. A Statutory Order under section 46 of

the Climate Change Act came into force on 23 November 2015, requiring “major player” public bodies to annually report on compliance with the climate change duties. The Order sets out the reporting requirements, list of public sector major players involved and the standardised online climate change reporting template. As a major player, Angus Council is required to complete and submit the template report. The Council’s first mandatory report was submitted in November 2016, covering the period 2015/16.

The Sustainable Scotland Network (SSN) is Scotland’s network for public sector professionals engaged in sustainability and climate actions. They act as the administrator for the Climate Change Duties reports and the 2017/18 Analysis Report is available on their website. The document focuses on the quantitative information on the corporate emissions reported by the 180 public bodies, including Angus Council.

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

Carbon Reduction

The Council is complying with the mandatory requirements of the CRC Energy Efficiency Scheme.

Payment of allowances for carbon emissions and energy usage is correct.

Climate Change

The Council is complying with the mandatory reporting requirements of the Climate Change (Scotland) Order 2015.

Adequate procedures are in place to monitor and report on progress towards achievement of the Council’s 2020 climate change targets.

We used a combination of meetings with relevant staff and an internally generated risk and control matrix to document the work performed based on the identified control objectives.

The output is a report to the Depute Chief Executive and a summary of the outcomes to the Scrutiny and Audit Committee.

Conclusion

The level of assurance given in this report for:

- Carbon Reduction is ‘**Comprehensive Assurance**’ and
- Climate Change is ‘**Limited Assurance**’. There is a considerable amount of work being done throughout the Council on Climate Change which is being managed at operational level, our mandatory reporting requirements are being met and P&R committee is kept up to date with progress. However the higher level governance, planning & overall co-ordination of this work requires improvement to comply fully with the agreed governance arrangements and this is reflected in the agreed actions. It is recognised that this aspect has been hampered by reduction in staff resource, staff turnover and lack of continuity of staff involvement through service re-organisation.

In respect of Climate Change, we are aware that new developments have emerged since completion of our audit fieldwork. The Scottish Government has recently introduced a number

of new climate strategies/policies, which may lead to new targets for local authorities. In addition, Council officers have been working on The Mercury Programme as part of Tay Cities Deal, which is an ambitious longer term programme for Angus to become a flagship sustainable low carbon region, embedding innovative green technologies and culture into our economy, people and places. The Programme has three key themes:

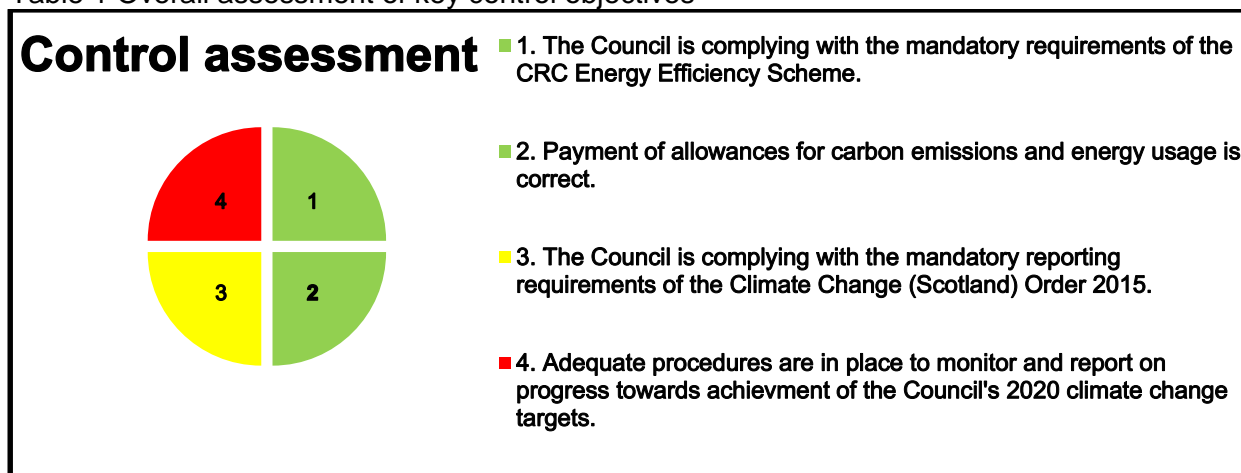
1. Clean Growth, Bio Economy & Innovation Zone
2. Low Carbon Network
3. Agri-Tech Production

The Mercury Programme will require the public and private sector to work together to ensure the best outcomes for Angus and the Tay Cities region, and projects are being identified for inclusion in a Tay Cities Deal business case.

Overall assessment of Key Controls

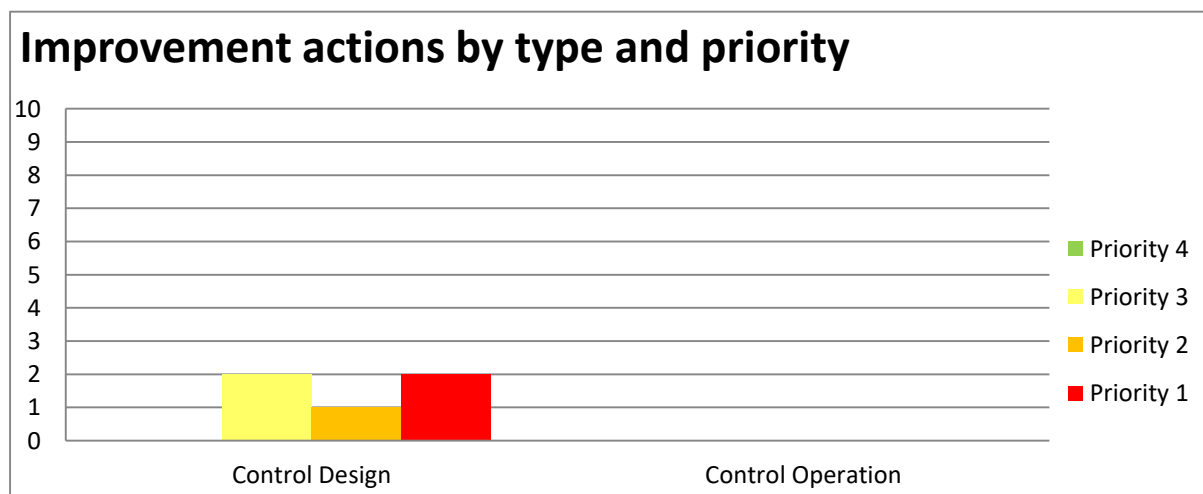
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Table 1 Overall assessment of key control objectives



Audit Recommendations summarised by Type & Priority

Table 2 Improvement Actions by type and priority



There are five recommendations in this report regarding the design of a control, two level 1, one level 2 and two level 3.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- Non meter readings are checked manually by Energy Technicians three times a year;
- Staff perform monthly reasonableness checks on the consumption totals entered on the monitoring master spreadsheet.

Planned Improvements/Changes:

- A Sustainable Energy & Climate Action Plan (SECAP) is to be produced for the whole of the Council area, led by Angus Council. It will act as an overarching strategy for climate change for the area, using a joined up approach with partners and communities.

Areas Identified for Improvement:

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

Level 1

- SMART Action Plans for the three thematic working groups (Sustainability, Adaptation and Carbon Management) should be produced as a matter of urgency.
- The SECAP should be finalised as soon as possible and monitoring of its implementation and outcomes established.

Level 2

- After the 2019 climate change self-assessment a SMART action plan should be agreed and the CCMOG should monitor progress with implementation at each meeting.

Level 3

- All reports and documents should reflect the latest climate change legislative reference Climate Change (Scotland) Order 2015.
- The CCMOG's Terms of Reference document should be updated to reflect the correct membership, role and remit and should be reviewed on an annual basis.

Petty Cash Procedures

Introduction

As part of the 2019/20 annual plan, Internal Audit has completed a review of petty cash arrangements at Council locations. This is part of an audit to review cash handling procedures and controls in services across the Council where physical cash is still accepted as payment.

The factual accuracy of this report has been confirmed with Steven Mill, Service Lead (Finance), Shona Cameron (Legal & Democratic), Stewart Ball (Communities) and Beth Reader (Schools & Learning).

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

Background & Scope

In terms of payments to the Council for services, the Council's ultimate aim is to be cashless wherever possible, with all payments to the Council made by Direct Debit first where possible, then online or telephone payments by debit/credit card, with cash a last resort. However although some services are already entirely cashless (e.g. garden waste), it will take some time to achieve this for all Council services. In addition, there are Council offices/facilities which require to hold petty cash for a variety of reasons.

The review of cash handling procedures was initiated due to an increase in incidences of cash going missing during 2018/19, whether fraudulently or due to proper procedures not being followed. A review of progress towards the aim of being a "cashless" Council was carried forward from the 2018/19 plan. These will both be covered in a subsequent report once these areas have been completed.

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

- Formal written petty cash procedures are in place, which are accessible to all relevant staff;
- Petty cash is held securely, and receipts retained for all petty cash expenditure;
- Petty cash reimbursement claims are performed timeously and authorised appropriately;
- Staff are aware of procedures to be followed in the event of any cash discrepancies.

We visited 11 locations where petty cash is held and interviewed staff to establish their petty cash procedures. The procedures in practice were reviewed for compliance with the financial regulations, guidance notes and good practice. An internally generated risk and control matrix, based on the control objectives, documented the work performed.

The total of petty cash reported in the 2018/19 annual accounts is £28,136.

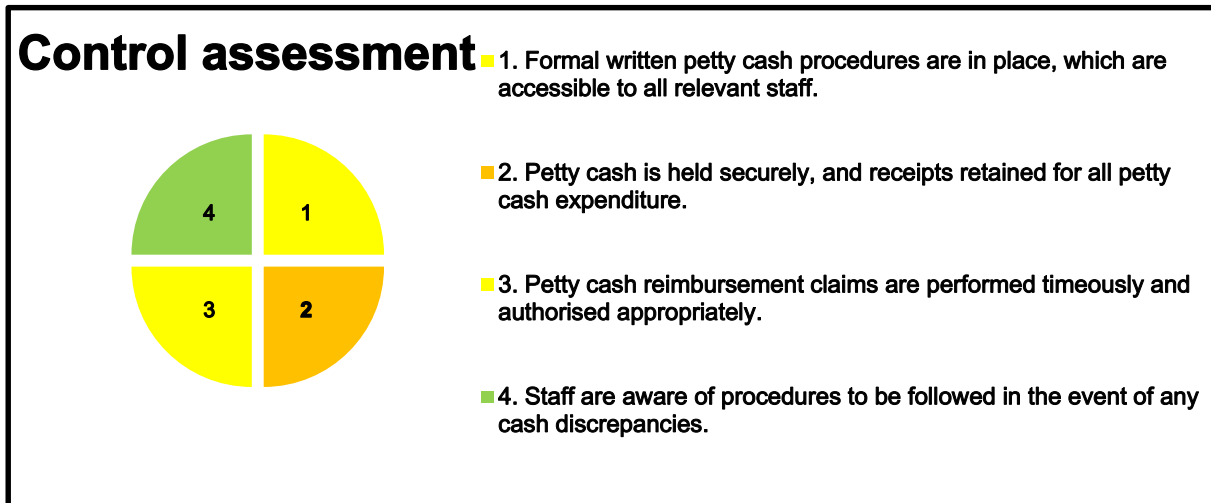
Conclusion

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

Overall assessment of Key Controls

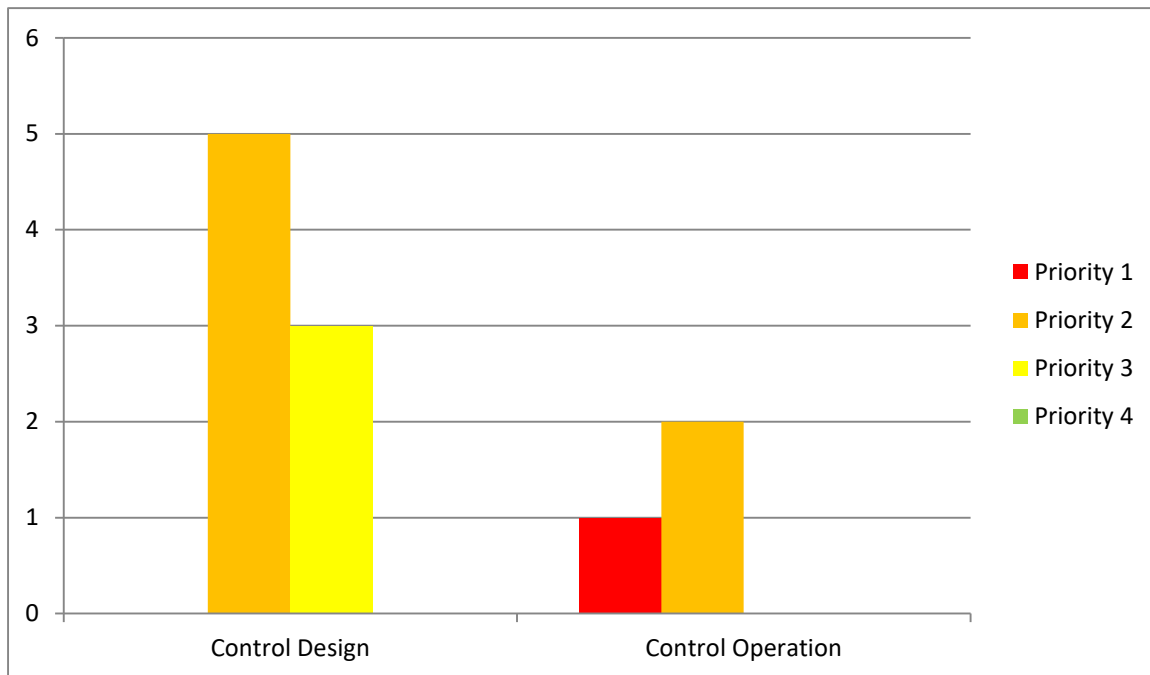
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Table 3 - Overall Assessment of Key Controls



Audit Recommendations summarised by Type & Priority

Table 4 Improvement Actions by type and priority



There are eight recommendations in this report regarding design of a control - Five priority 2 and three priority 3. There are three operational recommendations, one level 1 and two level 2.

Key Findings

Good Practice:

We have identified the following area of good practice:

- The Children, Families & Justice - Intake Service team use a “Money Week Commencing Schedule” to record all the petty cash expenditure in a week, receipts

are cross referenced to the schedule and the total is used to complete the reimbursement form.

- The Community Housing Team use a voucher sheet (6 vouchers to each sheet) which records transactions, it is cross referenced to the receipt, signed by the recipient and the person giving out the cash, ticked when receipt received and the petty cash record is updated.

Planned Improvements/Changes:

- A proposal for Angus House to have one central petty cash imprest is to be considered by the Manager – Elections, Commercialisation & Facilities.

Areas Identified for Improvement:

We have made 11 recommendations to address high, medium and limited risk exposure which are:

- Corporate operational guidance notes should be available for all services to refer to as a starting point which they can amend to reflect their requirements and working practices. These guidance notes should reflect recommendations 2-5, 7, 9 & 10 of this report. **(Level 2 and 3 recommendations)**
- A review of petty cash held at Schools should be completed to ensure there is a LEAN approach to operating petty cash. The use of separate petty cash bank accounts and School Fund cash should be investigated with staff given guidance on what is acceptable petty cash expenditure and what is School Fund expenditure. **(Level 1)**
- The Forfar and Montrose Community Housing Team imprests should be reduced to £300 as agreed in May 2019. Thereafter accounting entries should be agreed with Finance to resolve the petty cash position recorded for Forfar, Montrose and Arbroath Community Housing Teams. **(Level 2)**
- As part of the centralisation of functions, management should centralise petty cash imprests at Angus House and County Buildings, Forfar and at Bruce House, Arbroath. Imprests held should be reviewed regularly to ensure the correct level is maintained. **(Level 2)**

Implementation of internal audit recommendations

Background

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

Summary of Progress

The figures presented in the tables below have been obtained after analysis of the corporate action recording and monitoring system, "Pentana". Work continues to be carried out on the configuration and management of the Pentana system to provide improved management information and to bring greater efficiency to the follow-up process.

The information presented below reflects the position of the 36 actions in progress at 30 July 2019 (excludes actions for Angus Alive and IJB). Chief Officers receive and review regular detailed reports on the outstanding recommendations.

- Table 1 identifies internal audit recommendations which are overdue as at 30 July 2019.
- Table 2 identifies recommendations which would have been overdue but have had the **original completion date extended** at the request of the Directorate.
- Table 3 details all other recommendations which are **currently in progress** (not yet reached due date).

**Table 1 – Overdue Recommendations by Directorate, year and grade
(as at 30 July 2019)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Grand Total
Communities	2018/19	-	1	-	-	1
Grand Total		-	1	-	-	1

**Table 2 – Recommendations in Progress (as at 30 July 2019)
(Original Due Date Extended)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Strategic Policy, Transformation & Public Sector Reform	2016/17	-	-	-	-	-	-
	2017/18	-	1	-	-	-	1
	2018/19	-	-	-	-	-	-
Finance	2016/17	-	-	-	-	-	-
	2017/18	1	7	3	-	-	11
	2018/19	-	1	2	-	-	3
HR, Digital Enablement & Business Support	2016/17	2	2	-	-	-	4
	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
Schools & Learning	2016/17	-	-	-	-	-	-
	2017/18	-	-	-	-	-	-
	2018/19	-	1	-	-	-	1
Infrastructure	2016/17	-	-	-	-	-	-
	2017/18	-	1	-	-	-	1
	2018/19	-	-	-	-	-	-
Communities	2016/17	-	-	-	-	-	-
	2017/18	-	-	-	-	-	-
	2018/19	-	1	-	-	-	1
Grand Total		3	14	5	-	-	22

**Table 3 – Recommendations in Progress (as at 30 July 2019)
(Not yet reached due date)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Strategic Policy, Transformation & Public Sector Reform	2018/19	-	-	1	-	-	1
Finance	2018/19	-	1	-	-	-	1
HR, Digital Enablement & Business Support	2018/19	-	1	-	2	-	3
Schools & Learning	2018/19	-	-	1	-	-	1
Infrastructure	2018/19	-	1	-	-	1	2
Communities	2018/19	1	2	2	-	-	5
Grand Total		1	5	4	2	1	13

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.

