

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 21 JANUARY 2020

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) Note the update on progress with the 2018/19 Internal Audit Plan;
- (ii) Note the update on progress with the 2019/20 Internal Audit Plan;
- (iii) Note management's progress in implementing internal audit recommendations.
- (iv) Propose specific areas of risk which might be included as pieces of work in the 2020/21 Internal Audit Plan.

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 one item 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. The time spent on these, and slower response times from some services than previously experienced, have delayed completion of several audits. We will review the plan when preparing the 2020/21 plan for the March 2020 meeting and will move some audits to the first quarter of 2020/21 if necessary.

5. 2020/21 AUDIT PLANNING

The 2020/21 audit plan is currently being prepared and the draft will be brought to the next Scrutiny & Audit Committee meeting. Members are asked to identify any specific areas they would like to be considered for inclusion in the plan and propose these under recommendation (iv) above.

6. 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.

REPORT AUTHOR: Cathie Wyllie, Service Leader – Internal Audit

EMAIL DETAILS: ChiefExec@angus.gov.uk

List of Appendices:

Appendix 1 - Internal Audit Activity Update Report

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

21 January 2020

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 13 January 2020 and provides an update on:

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

Audit Plan Progress Report

Definitions for control assurance assessments are shown on page 22.

2018/19 Internal Audit Plan – Progress update


The table below summarises progress on the one item outstanding from the 2018/19 plan. This project was delayed due to unavailability of key staff in the relevant service, and also a request to delay the audit work to accommodate service workload. A revised timetable has now been agreed and the work will be carried out during January 2020.

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Legislative and other compliance					
Procurement Reform (Scotland) Act 2014	April 2019	In Progress			<i>21 April 2020</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 13 January 2020.

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. Timing of work has recently been agreed.

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	Feb./March 2020	Planning			<i>21 April 2020</i>
GDPR compliance	March 2020				<i>16 June 2020</i>
Tay Cities Deal (Joint work with other Tay Cities councils)	TBC	Blank			<i>TBC</i>
Corporate planning, performance management and public reporting	April 2020				<i>16 June 2020</i>
Community planning partnership Governance, LOIPs	Feb. 2020				<i>21 April 2020</i>
Annual Assurance re IJB	April/May 2020				<i>16 June 2020</i>
Financial Governance					
Payroll/Resourcelink processes – Leavers and establishment changes	March/Apr. 2020				<i>16 June 2020</i>
Review of expense claims	Nov./Dec. 2019	Fieldwork in progress			<i>3 March. 2020</i>
Review of Voluntary Severance scheme	July 2019	Complete	Substantial		<i>24 Sept 2019</i>
Data Analysis: Payroll & Accounts payable	On-going	In progress			<i>3 March 2020</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Review of Budget Monitoring & Budget Management (Integra Budget Module)	Sept./Oct. 2019	Fieldwork complete, draft report ready for review			<i>3 March 2020</i>
Review of Cash Handling arrangements: • Cash receipts	Aug./Sept. 2019	Complete	Substantial		<i>21 Jan. 2020</i>
• Progress Towards Cashless Council	Aud./Sept. 2019	Complete	Limited		<i>21 Jan. 2020</i>
Review of Cash Handling arrangements: Petty Cash	June/July 2019	Complete	Substantial		<i>20 August 2019</i>
Car Parking Income & Contract Management	Aug./Sept. 2019	In progress – awaiting info. from service			<i>21 April 2020</i>
Pupil Equity Fund	Jan. 2020				<i>21 April 2020</i>
Comfort funds	April 2020				<i>16 June 2020</i>
Income management systems	Dec. 2019/ Jan. 2020				<i>21 April 2020</i>
IT Governance					
Eclipse post implementation Review (Children & Families)	Feb. 2020	Planned			<i>21 April 2020</i>
IT resilience & disaster recovery	Jan. 2020	Planned			<i>21 April 2020</i>
IT user access Administration (Housing Northgate)	Jan. 2020	Planned			<i>21 April 2020</i>
Internal Controls					
Business continuity planning and disaster recovery	Jan. 2020	Planned			<i>21 April 2020</i>
Licensing system	February 2020				<i>16 June 2020</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Adults with Incapacity – Interim Procedures	TBC	Fieldwork suspended temporarily in July 2019 at the request of the service and in consultation with the CSWO; interim findings reported to service.			<i>TBC</i>
Procurement – exemptions from Tendering process	Jan. 2020				<i>21 April 2020</i>
Absence Management	Sept. 2019	Complete	Substantial		21 Jan. 2020
Automated New Start/Recruitment Process	Feb. 2020				<i>21 April 2020</i>
Asset Management					
Stocks and IT Hardware Inventories	Jan. 2020	Planning			<i>21 April 2020</i>
Review of Roads/Building Maintenance	Dec. 2019 / Jan. 2020	Planned			<i>16 June 2020</i>
Housing Improvements – Capital Grants	March/Apr. 2020				<i>16 June 2020</i>
Legislative and other compliance					
LEADER – Rural Funding	Sept./Oct. 2019	Complete	Substantial		19 November 2019
Carbon Reduction	Jan. 2020	Planning			<i>21 April 2020</i>
Community participation requests & Participative budgeting	Mar. 2020				<i>16 June 2020</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Housing – National Regulatory Framework	Dec. 2019	Fieldwork complete, draft report ready for review			<i>3 March 2020</i>
Identification of new legislation	Postponed until 2020/21				
Private water supplies legislation	Postponed until 2020/21				
Other					
PSIAS compliance External review	Early 2020	Self-evaluation in progress			<i>TBC</i>
Review of the Role of the Head of Internal Audit self-assessment	July 2019	Complete	N/A	N/A	19 November 2019 Report 387/19
Review of Accounts Commission Fraud and Irregularities Update 2018/19	July/August 2019 Jan 2020	In progress	N/A	N/A	<i>21 April 2020</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Consultancy and Advice					
Finance Service capacity review	Oct. - Dec. 2020 Jan 2020	In progress			<i>TBC</i>
Business support review	March 2020				<i>16 June 2020</i>
Support for change programme and other specific projects if required.	As required				<i>As required</i>

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, the report on the first Angus Alive audit for 2019/20 has been drafted. Work is also in progress on the 2019/20 audits for the IJB. 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: -

- Review of Cash Handling Arrangements: Cash Receipts
- Absence Management

Cash handling

Introduction

As part of the 2019/20 annual plan, Internal Audit has completed a review of cash handling procedures and controls in services across the Council where physical cash is still accepted as payment. A review of the progress towards the aim of being a 'cashless' Council has also been completed.

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, 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.

The review of the petty cash arrangements within the Council has been completed and the findings reported in July 2019, Internal Audit report number 19-02 refers.

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

- Adequate arrangements are in place for identifying and monitoring sources of cash within the organisation;
- Formal written procedures exist for cash handling, which are accessible to all relevant staff;
- Clear definition of roles and responsibilities, including adequate segregation of duties, exists for receipt, banking and reconciliation of cash;

- Receipts are issued for all cash transactions which are not recorded through Paye.net, with duplicate receipts retained for all manually recorded cash transactions;
- Cash and cash equivalents received are accurately recorded and banked timeously;
- Account balances on Integra are correctly and promptly updated with details of cash receipts where this is not done automatically through Paye.net;
- A clear audit trail exists for the collection, receipt and recording of cash, and regular reconciliations are undertaken to agree cash collected with cash banked and cash recorded on Integra;
- Adequate physical security measures exist to protect both the employee and the cash held;
- Staff are aware of procedures to be followed in the event of any cash discrepancies.

We reviewed 3 locations where cash and cheques are received;

- Planning, Building Warrants and copy document income is collected by Business Support staff at Angus House, Forfar;
- Forfar Registrars income is collected by Legal and Democratic staff;
- Montrose South Links Caravan Park income is collected by on site Wardens.

We also reviewed procedures at Angus House Reception where customers leave monies for services to be provided by the Council.

We interviewed staff to establish their everyday practices and reviewed these 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 progress towards becoming a cashless Council were reviewed against the following control objectives:

- A corporate plan is in place to co-ordinate the move to cashless across the Council;
- A portfolio of projects is in place to achieve the aim of being a cashless Council, with progress monitored and reported on a regular basis.

Conclusion

Cash Handling

The overall level of assurance given for the review of cash handling procedures is '**Substantial Assurance**'. There is some evidence of non-compliance with controls, and a significant number of recommendations have been made for improvements to current arrangements which are necessary to reduce levels of risk, but the majority address moderate risk (9 of 17) and efficiency (2 of 17) and are spread over a number of locations.

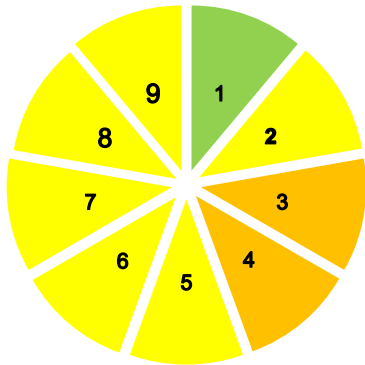
Progress towards becoming a Cashless Council

The overall level of assurance given for the review of progress towards the aim of becoming a "cashless" Council is "**Limited Assurance**".

Overall assessment of Key Controls

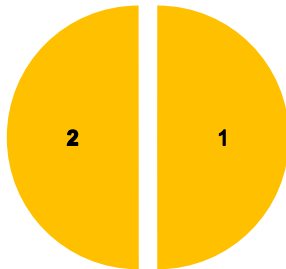
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Cash Handling - Control assessment



- 1. Adequate arrangements are in place for identifying and monitoring sources of cash within the organisation.
- 2. Formal written procedures exist for cash handling, which are accessible to all relevant staff.
- 3. Clear definition of roles & responsibilities, including adequate segregation of duties, exists for receipt, banking and reconciliation of cash.
- 4. Receipts are issued for all cash transactions which are not recorded through pay.net, with duplicate receipts retained for all manually recorded cash transactions.
- 5. Cash and cash equivalents received are accurately recorded and banked timeously.
- 6. Account balances on Integra are correctly and promptly updated with details of cash receipts, where this is not done automatically through pay.net.
- 7. A clear audit trail exists for the collection, receipt and recording of cash, and regular reconciliations are undertaken to agree cash collected with cash banked and cash recorded on Integra.
- 8. Adequate physical security measures exist to protect both the employee and the cash held.
- 9. Staff are aware of procedures to be followed in the event of any cash discrepancies.

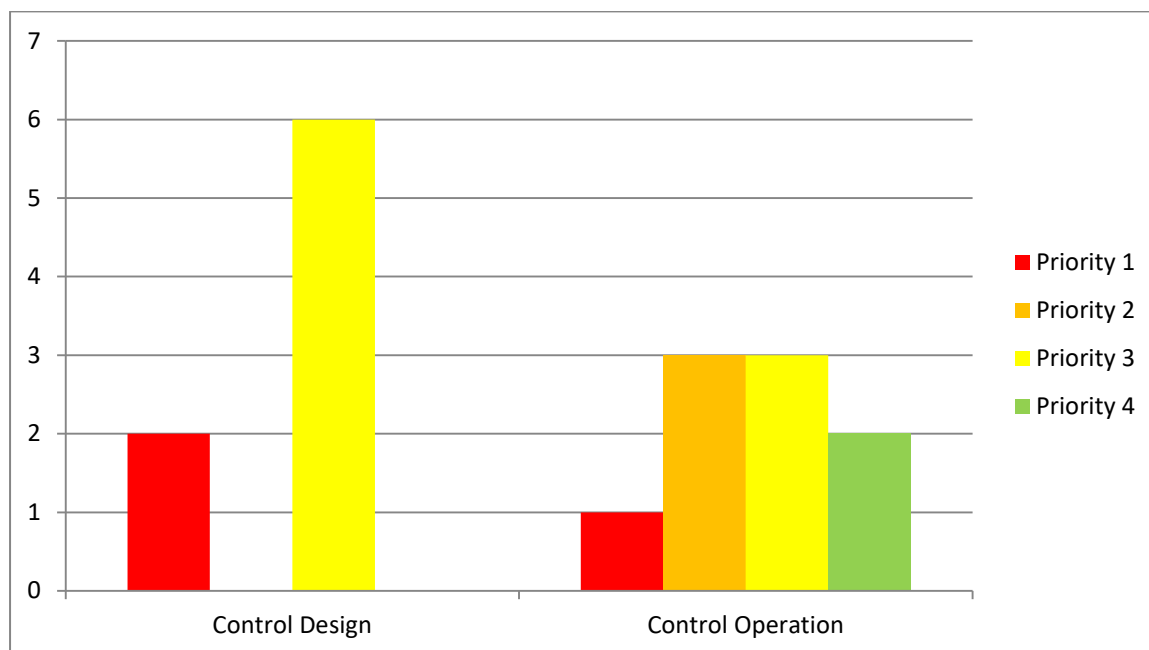
Progress towards becoming a Cashless Council - Control assessment



- 1. A corporate plan is in place to co-ordinate the move to cashless across the Council.
- 2. A portfolio of projects is in place to achieve the aim of being a cashless Council, with progress monitored and reported on a regular basis.

Audit Recommendations summarised by Type & Priority

Improvement Actions by type and priority



There are 8 recommendations in this report regarding design of a control - two priority 1 and six priority 3. There are 9 operational recommendations, one priority 1, three priority 2, three priority 3 and two priority 4.

Key Findings

Good Practice:

We have identified the following area of good practice:

- All documents pertaining to banking of cash are retained by staff.

Planned Improvements/Changes:

- A project to enable auto reconciliations between income posted through Paye.net and income received in the bank has been undertaken by the Systems and Development Officer, and was successfully implemented on 20 November 2019. The new project results in one transaction, either e-return or cash/cheque deposit, to one banking entry and unmatched amounts will be notified to the originating service to investigate and amend.
- A chip and pin machine is to be installed at Reception in Angus House for the receipt of Licencing income.
- The Cash 2 project has been re-designated as a savings project in the Change Programme and the project management arrangements and timeframes for implementation are currently under review.

Areas Identified for Improvement:

We have made 17 recommendations to address high, medium and limited risk exposure which are summarised below:

Level 1

- Segregation of duties should be implemented where possible, as irregularities may be covered up if one person is in charge of both receipt and banking of cash.

- A two part receipt book should be held at Reception and used for cash received from the public, solely for the purpose of acknowledging cash being handed over to the receptionist.
- The approach to all Council services moving to being “cashless” should be considered by CLT and a policy developed and implemented, to ensure a consistent and co-ordinated approach is taken.

Level 2

- Where Paye.net is available, transactions should be processed when the customer is present and a receipt from the Paye.net system should always be printed and given to the customer.
- Management at Forfar Registrars and South Links Caravan Park should ensure staff are aware of where to find the Corporate Governance annual reminder and that they have read the relevant documents.
- Inductions and annual appraisals should be completed for staff at South Links Caravan Park.

Level 3

- Cash handling guidance and procedures for all services should be reviewed regularly to ensure it reflects good practice, is up to date and is relevant to the staffing resources available to perform the cash collection and banking duties, including segregation of duties where possible.
- Arrangements should be made for Paye.net to be used to record all Planning and Building Warrant fees.
- A sign should be placed in a prominent position at reception to inform the public not to hand over payments without a receipt being obtained.
- The float held for Planning and Building Warrant income should be checked regularly and made up to the correct float which is recorded in Integra.
- The process of completing Daily Income Sheets and Cheque/Postal Orders List for Planning and Building Warrant income should be reviewed to combine the two forms into one, to make the process ‘leaner’.
- Managers responsible for South Links Caravan Park should investigate the viability of introducing an on-line booking system which would significantly reduce cash receipts at South Links and would allow reconciliations to be carried out between berths booked/occupied and income received.
- The ‘Angus House – Cash Collection – G4S’ list should have a column for the signature of the reception staff member who receives the banking bag from the service.
- The G4S receipt should be retained by Facilities Management staff in order to reconcile the total bags collected to the uplift charge.

Level 4

- The process of recording Registrars' transactions on a spreadsheet as well as on Paye.net should be reviewed by management, to establish whether there is any justification for retaining the spreadsheet.
- Management of South Links Caravan Park should assess the risk of incorrect coding of income receipts, and consider whether the risk is significant enough to warrant additional checks being put in place to ensure income is correctly recorded on Paye.net.

Wider Lessons Identified – to be Considered by All Services

Although many of the recommendations in this report are specific to the services/locations visited during the audit fieldwork, there are a number of key issues which apply to all services which still accept cash payments from the public.

All Service Directors are therefore asked to note the following points in particular and consider whether these apply to their services; where this is the case, these points should be disseminated to the appropriate service managers/officers to help ensure that good practice is being followed throughout the Council.

- Cash handling guidance for staff should be reviewed regularly to ensure it reflects good practice, is up to date and is relevant to the staffing resources available to perform the cash collection and banking duties, including segregation of duties where possible; guidance documents should record the author, date and when the procedures will be reviewed.
- Segregation of duties in cash handling and banking should be implemented where possible; management should ensure there are sufficient staff to enable this, as irregularities may be covered up if one person is in charge of both receipt and banking of cash. If adequate segregation is not feasible then regular spot checks by an independent person (preferably line manager) should be completed on income received and banked to ensure these reconcile to records held.
- Ensure all staff are aware of where to find Corporate Governance annual reminder and that they have read the relevant documents referred to in the guidance.
- Review income collection and recording procedures to ensure that spreadsheets detailing income receipts are not being used unnecessarily in addition to the Paye.net online system.
- Assessment of a Change Programme project's position should not be green if the project is not actively progressing and does not have a timeframe that is achievable attached to it.

Absence Management

Introduction

As part of the 2019/20 annual plan, Internal Audit has completed a review of absence management procedures across the Council, including services provided on behalf of Angus Health & Social Care Partnership (AHSCP).

The purpose of this audit was to provide assurance that Council services are following the established corporate procedures for absence management and that sickness absence is being effectively managed.

Background & Scope

The current Managing Sickness Absence procedure was developed in September 2014 and communicated to staff under Personal Advisory Bulletin No 35 (last updated May 2018). Its aim is to reduce sickness absence levels within the Council, through the management of sickness absence, to ensure it is applied in a manner which is consistent and equitable throughout the Council, and to ensure that employees are treated sympathetically and fairly.

From 13 March 2017, the Council introduced the OHIO/DAYONE system for reporting sickness absence. The DAYONE service, operated by the Council's occupational health provider, is a telephone line covered by trained nurses who take calls from employees when they need to report that they will be off sick. This service was initially piloted in the former directorates of Chief Executives, Resources and Communities. We were informed Parks, Waste and Children, Families & Justice will go live in January 2020, the date for Schools & Learning (non-teaching staff) and AH&SCP to use the system is still to be agreed.

In 2018/19 the direct cost of employees' sickness absence i.e. the cost of sick pay, was £3,726,644 compared to £4,220,268 in 2017/18 – a decrease of £493,624 (11.7%).

The total working days lost through sickness absence in 2018/19 across the Council as a whole was 44,785.5 compared to 46,363.0 in 2017/18. Absences in 2018/19 were primarily short term, the majority (approx. 75%) lasting under 6 days. Stress related absences accounted for on average 35% of all absences in 2018/19.

Sickness levels for Council staff providing services to AHSCP are significantly higher than for NHS staff providing similar services (approx. 9% compared with 5% for NHS staff), therefore Adult Social Care will be a key area of focus for this audit.

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

- Sickness absence policy & procedures are in place which have been approved by the Council, are available to all staff, and are applied consistently across the organisation;
- Adequate absence records are maintained for all staff;
- Up-to-date records of employee contact details, including emergency contacts, are maintained;
- Managers conduct & document return-to-work interviews with staff following all absences and take appropriate action, with referrals carried out as required;
- Procedures for monitoring of long-term absences are adhered to;

- The Corporate Leadership Team (CLT) and Elected Members receive regular reports on sickness absence, including historic trend data and comparisons to similar organisations (if available);

We reviewed a sample of 25 employee's absence records who had recorded short and long term sickness for compliance with existing procedures and consulted relevant Managers on how they deal with sickness absence. Our sample included all services who follow the Council's standard sickness absence policy and procedures, as well as those using the OHIO/DAYONE system of absence reporting.

All relevant findings and recommendations should be taken into account in finalising guidance on the new Supporting Attendance Policy.

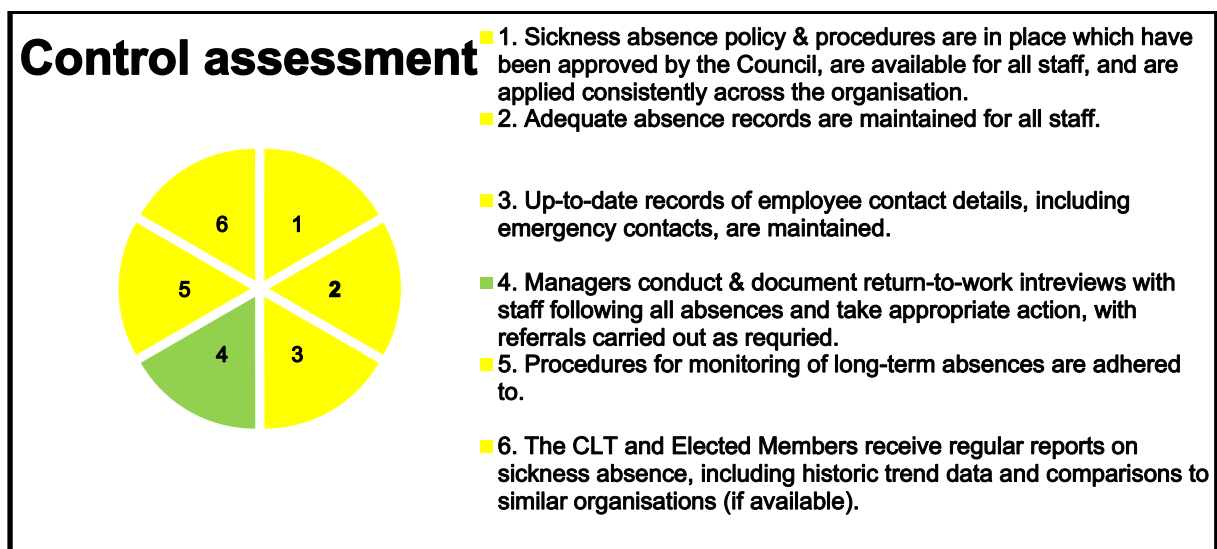
Conclusion

The overall level of assurance given for this report is '**Substantial Assurance**'. In general procedures are being followed to an adequate standard, however there is a lack of consistency in the approach taken by services across the Council, and there is some dubiety over the accuracy of absence statistics being collated and reported corporately. The new Supporting Attendance Policy (and associated guidance and procedures) which is under development should help to resolve the issues identified.

Overall assessment of Key Controls

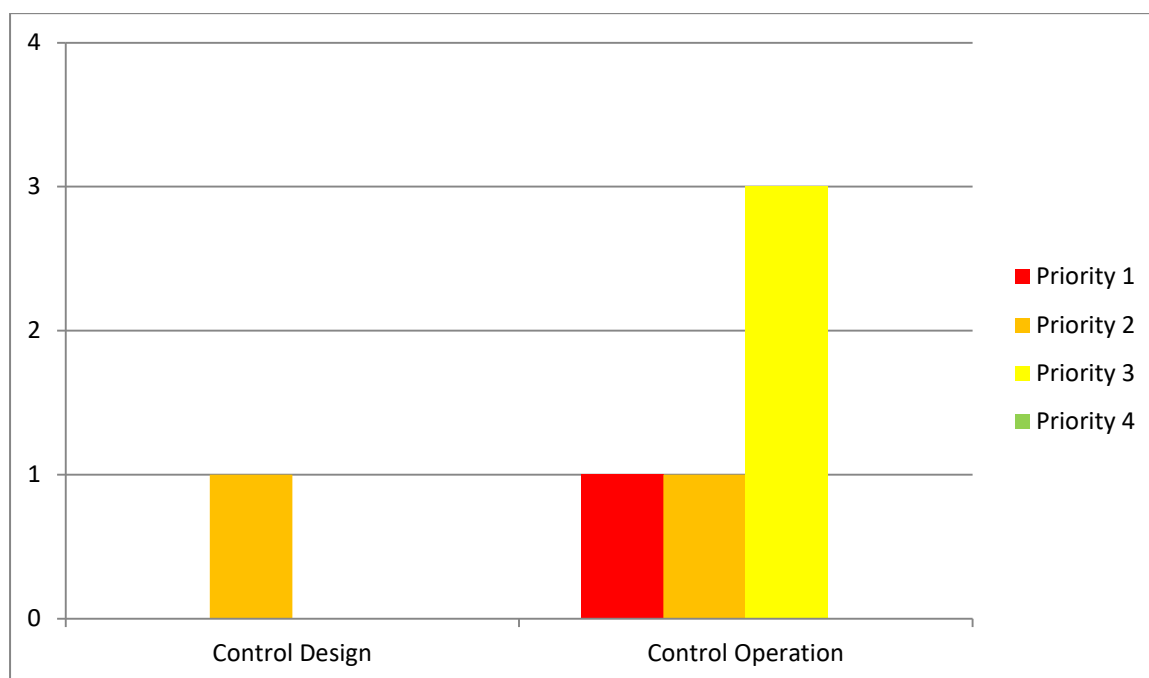
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Overall Assessment of Key Controls



Audit Recommendations summarised by Type & Priority

Improvement Actions by type and priority



There is one recommendation in this report regarding design of a control, priority 2, and there are 5 operational recommendations, one level 1, one level 2 and three level 3.

Key Findings

Good Practice:

We have identified the following area of good practice:

- An annual analysis report and quarterly sickness absence reports are issued to the Director of Children Families & Justice and the Head of Community Health and Care Services. Managers within these services receive a breakdown of their team's data for monitoring purposes.
- Some services ensure contact details are held securely as part of the Business Continuity plan – this should be implemented by all Directorates of the Council.

Planned Improvements/Changes:

- A new Supporting Attendance Policy with extensive guidance for managers and employees, including support procedures/mechanisms, has been developed for consultation and an overall Health and Well-being Strategy is currently under development.
- Part of the Resourcelink development project is a new module on Leave Management which will be implemented by the end of March 2020. This module will be used by payroll staff to upload sickness absence forms in bulk.

Areas Identified for Improvement:

We have made 6 recommendations to address high, medium and limited risk exposure which are:

Level 1

- The process for sickness absence statistics should be reviewed to ensure reliance can be placed on the information reported to Committee.

Level 2

- New payroll or absence management guidance should be dated and staff notified of where to find it by using appropriate methods of communication e.g. posted on the home page of the Intranet, cascaded at team meetings.
- The issues highlighted in Appendix 1 (issues and suggestions raised by managers regarding Sickness Absence Monitoring) should be taken into consideration in the current review of absence management procedures.

Level 3

- Managers should ensure that they have access to personal and emergency contact details for all staff under their responsibility.
- Managers should be reminded of the requirement to inform HR when an employee has met the sickness absence monitoring triggers. There should be consistency within services to ensure all staff have the benefit and input of HR experience when dealing with sickness absence.
- To assist with sickness absence monitoring, managers should receive quarterly sickness absence statistics/data as they did in the past.

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

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 42 actions in progress at 13 January 2020 (excludes actions for Angus Alive and IJB). Chief Officers receive and review regular detailed reports on the outstanding audit actions.

- Table 1 highlights audit actions which are **overdue** as at 13 January 2020.
- Table 2 identifies actions which would have been overdue but have had the **original completion date extended** at the request of the Directorate.
- Table 3 details all other actions which are **currently in progress** (not yet reached due date).

Table 1 – Actions Overdue – as at 13 January 2020

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Legal & Democratic	2018/19 2019/20	- 1	- -	- 1	- 1	- -	- 3
Communities	2018/19 2019/20	- -	1 -	- -	- -	- -	1 -
Schools & Learning	2018/19 2019/20	- -	1 -	- -	- -	- -	1 -
HR, Digital Enablement & Business Support	2018/19 2019/20	- -	- -	- 1	- -	- -	- 1
Grand Total		1	2	2	1	-	6

**Table 2 – Actions in Progress - as at 13 January 2020
(Original Due Date Extended)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Finance	2017/18	1	5	3	-	-	9
	2018/19	-	1	2	-	-	3
	2019/20	-	6	2	-	-	8
Schools & Learning	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
	2019/20	1	-	-	-	-	1
Infrastructure	2017/18	-	-	-	-	-	-
	2018/19	1	-	-	-	1	2
	2019/20	-	-	-	-	-	-
SPT&PSR	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
	2019/20	-	-	-	1	-	1
Grand Total		3	12	7	1	1	24

**Table 3 – Actions in Progress - as at 13 January 2020
(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	2	-	-	-	-	2
	2019/20	-	-	1	-	-	1
HR, Digital Enablement, IT & Business Support	2018/19	-	1	-	1	-	2
	2019/20	-	-	4	-	-	4
Legal & Democratic	2018/19	-	-	-	-	-	-
	2019/20	-	1	-	-	-	1
Communities	2018/19	-	1	1	-	-	2
	2019/20	-	-	-	-	-	-
Grand Total		2	3	6	1	-	12

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.

