

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 3 MARCH 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; and
- (iv) Agree the items identified to be carried forward to 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 have reviewed the plan when preparing the 2020/21 plan for this meeting (Report 71/20) and have moved some audits to the 2020/21 plan.

5 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.

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List of Appendices:

Appendix 1 - Internal Audit Activity Update Report (attached)

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

3 March 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
- Items proposed for moving to the 2020/21 plan.

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 is currently being carried out.

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.

Progress with implementing the plan has been delayed due to a number of factors

Undertaking the 2019/20 plan has been delayed for a number of reasons, including the delays in finalising the previous year's work plan which impacted significantly on our ability to begin the 2019/20 work. The key reasons for that delay were:



- the time spent on other work exceeding planned contingency time,
- involvement of staff with LEAN projects
- Availability of service staff to engage with auditors.




These issues continued to affect the 2019/20 plan delivery during 2019, with longer response times at all audit stages from some services increasing in significance as the year has progressed. As a result of this we have reviewed the 2019/20 plan and propose to move the following items into the 2020/21 plan. The decision about which audits to move took risk into consideration. I do not consider that this will prevent me from being able to provide the annual assurances I am required to make in June 2020.



Area in 2019/20 plan to be carried forward to the 2020/21 plan	Commentary
Risk management	New Risk Register came to S&A in January 2020. Training is being rolled out during January and February 2020. Service risk registers to be reviewed. We have been involved during the review of the risk management arrangements and will comment positively on this in the annual report in due course. A detailed audit of the implementation of the new risk management arrangements will be more beneficial if it is left until the system has been in operation for a bit longer, therefore this work has been postponed to the 2020/21 plan.
Tay Cities Deal joint work with other Tay Cities Councils	This was included because it is a new area of work with significant importance to the Angus area. Initial planning discussions have identified that delays in progressing the deal means it would be beneficial to postpone this work until 2020/21. The initial planning discussion has identified that governance



	<p>arrangements are in place involving Chief Executives and senior managers from all organisations. Within Angus Council the Director for Strategic Policy, Transformation, and Public Sector Reform has responsibility for the Tay Cities Deal. Regular reporting on progress to CLT is in place.</p> <p>Audit Scotland recently published a national report on Scotland's City Region and Growth Deals, which is available on the Council's Document Centre and here https://www.audit-scotland.gov.uk/uploads/docs/report/2020/nr_200116_city_deals.pdf</p> <p>The report looked at the Scottish Government's governance arrangements and commented on emerging arrangements in local areas. We will consider the issues noted in the report that relate to local arrangements as part of our audit planning. The report included a scrutiny checklist for councillors, which will be useful in due course as the Tay Cities Deal is signed and work progresses.</p>
Corporate planning, performance management and public reporting	These areas all feature in other councils' Best Value reports as areas that require improvement. Significant work has taken place during 2019 to improve performance management information and refresh our use of Pentana. Work is on-going to link performance and risk information to readily provide a holistic view, tailored to individual staff's responsibilities.
Community planning partnership Governance, LOIPs	This work is scheduled for May 2020 but is unlikely to be complete in time to report in June 2020, therefore it has been carried forward. If the work is complete, it will be reported to the June committee.
Comfort Funds	This was included in 2019/20 as a cyclical audit and because cash is involved.
Income management systems	This was identified as cyclical work for inclusion in 2019/20. No work to plan the audit has yet taken place therefore it has been identified as one to be carried forward.
Roads maintenance	Initially we planned to look at both roads and building maintenance. The work has been split due to the size of the audits and that two service teams are involved. Building maintenance has been left in the 2019/20 plan and roads maintenance moved to the 2020/21 plan.
Community Participation Requests & Participative Budgeting	The timing of internal review in this area means it will be beneficial to delay the audit slightly. Participatory Budgeting has been raised as an issue to include in the 2020/21 plan and community engagement features as an area for improvement in other councils' Best Value audit reports. We will therefore take the opportunity to re-focus the scope of this audit and split it into two pieces of work.

Progress with 2019/20 Internal Audit 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	To be removed to 2020/21 plan				
GDPR compliance	April 2020				16 June 2020
Tay Cities Deal (Joint work with other Tay Cities councils)	To be removed to 2020/21 plan				
Corporate planning, performance management and public reporting	To be removed to 2020/21 plan				
Community planning partnership Governance, LOIPs	To be removed to 2020/21 plan				
Annual Assurance re IJB	April/May 2020				16 June 2020
Financial Governance					
Payroll/Resourcelink processes – Leavers and establishment changes	April 2020				16 June 2020
Review of expense claims	Dec. 2019/ Jan. 2020	Draft report under review			21 April 2020
Review of Voluntary Severance scheme	July 2019	Complete	Substantial		24 Sept 2019
Data Analysis: Payroll & Accounts payable	On-going	In Progress		N/A	21 April 2020
Review of Budget Monitoring & Budget Management (Integra Budget Module)	Sept./Oct. 2019	Complete	Comprehensive		3 March 2020

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	Aug./Sept. 2019	Complete	Substantial		21 Jan. 2020
• Progress Towards Cashless Council	Aud./Sept. 2019	Complete	Limited		21 Jan. 2020
Review of Cash Handling arrangements: Petty Cash	June/July 2019	Complete	Substantial		20 August 2019
Car Parking Income & Contract Management	Feb. 2020	In progress			16 June 2020
Pupil Equity Fund	March 2020	Planning			16 June 2020
Comfort funds	To be removed to 2020/21 plan				
Income management systems	To be removed to 2020/21 plan				
IT Governance					
Eclipse post implementation Review (Children & Families)	Feb. 2020	In progress			21 April 2020
IT resilience & disaster recovery	Jan. 2020	In progress			21 April 2020
IT user access Administration (Housing Northgate)	Jan. 2020	In progress			21 April 2020
Internal Controls					
Business continuity planning and disaster recovery	Jan. 2020	In progress			21 April 2020
Licensing system	February 2020	In progress			16 June 2020

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	March 2020				<i>16 June 2020</i>
Absence Management	Sept. 2019	Complete	Substantial		21 Jan. 2020
Automated New Start/Recruitment Process	Mar./April 2020				<i>16 June 2020</i>
Asset Management					
Stocks and IT Hardware Inventories	Feb. 2020	In progress			<i>21 April 2020</i>
Review of Roads/Building Maintenance	Mar./Apr. 2020 Split into two audits and take the Roads maintenance element into the 2020/21 plan	Building Maint. Planned			<i>16 June 2020</i>
Housing Improvements – Capital Grants	May 2020				<i>16 June 2020</i>
Legislative and other compliance					
LEADER – Rural Funding	Sept./Oct. 2019	Complete	Substantial		19 November 2019

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Carbon Reduction	Jan. 2020	Complete	Comprehensive		3 March 2020
Community participation requests & Participative budgeting	To be removed to 2020/21 plan				
Housing – National Regulatory Framework	Dec. 2019	Complete	Comprehensive		3 March 2020
Identification of new legislation	Agreed Nov 2019 to postpone until 2020/21				
Private water supplies legislation	Agreed Nov 2019 to postpone until 2020/21				
Other					
PSIAS compliance External review	March 2020	Self-evaluation in progress			16 June 2020
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	21 April 2020

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			TBC
Business support review	April 2020				16 June 2020

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
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: -

- Housing National Regulatory Framework
- Carbon Reduction
- Integra Budget Module (Budget Monitoring & Budget Management)

Housing National Regulatory Framework

Introduction

As part of the 2019/20 annual plan, Internal Audit has completed a review of the processes to comply with the new regulatory framework for social housing providers, including appropriate engagement with the Regulator and effective use of available performance information.

Background & Scope

The Scottish Housing Regulator (The Regulator) was established by the Housing (Scotland) Act 2010.

In February 2019 the Regulator published a new regulatory framework for housing providers, including local authorities. The framework identifies responsibilities of housing providers, how the regulator will engage with them to oversee delivery of these responsibilities, and the information that local authorities must provide to the Regulator.

There is a strong focus on tenant engagement in the framework. The framework can be found here: <https://www.scottishhousingregulator.gov.uk/for-landlords/regulatory-framework#section-9>

The Director of Communities told members about the new framework in report 175/19 to the May 2019 Communities Committee. The first annual assurance statement prepared under the new requirements was taken to the September 2019 Communities Committee in report 317/19 ahead of the convenor signing the compliance statement for submission to the Regulator.

The Regulator's website includes information on engagement with each landlord and performance information on each. Performance information includes:

- Performance information against the Housing Charter
- The Regulator's annual Landlord report for each landlord using the charter information
- From September 2019 an annual assurance statement on compliance with the charter

The reports and engagement plans for Angus Council can be found on the Regulator's website here:

<https://directory.scottishhousingregulator.gov.uk/Pages/landlord.aspx?LtoZNameQS=D86BA67C-CFA9-E311-93F1-005056B555E6>. The current Engagement Plan in place from 1 April 2019 focusses on the Council's services for people who are homeless.

The Landlord report prepared by the Regulator focusses on performance indicators that tenants have told them matter most to them. 13 indicators are reported against the Scottish national average. Angus Council performs above the average in three indicators, and is the same in one indicator.

Housing was a pilot service for the work being undertaken to refresh the use of Pentana for risk and performance information.

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

- The Council has adopted an effective approach to meet the regulatory responsibility and reporting requirements,
- Housing Regulator requests for information and meetings are dealt with promptly and appropriately and reporting deadlines have been met
- Comparative performance information available from the Regulator is used to inform self-evaluation review and service improvements.
- Action plans are in place, monitored and reported to management and elected members to address actions identified from self-evaluation or Housing Regulator requirements including engagement plan requirements.

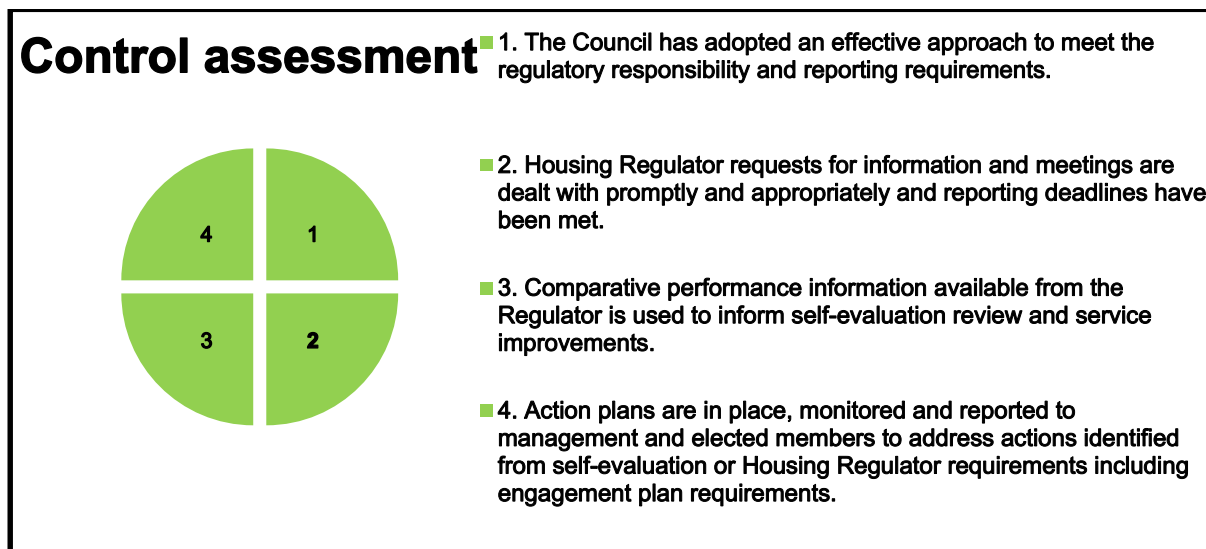
Conclusion

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

Overall assessment of Key Controls

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

Table 2 - Overall Assessment of Key Controls



There are no recommendations in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- Angus Council set up 5 Housing Improvement teams (HITs) to ensure all areas of the Scottish Social Housing Charter performance actions are addressed.
- HIT update reports are discussed at the monthly Housing Management Team (HMT) meetings.
- The Tenant Participation team have an approved Terms of Reference document which should be implemented by all other HITs if they don't already have one.

Planned Improvements/Changes:

- A Service Plan is required and this has been discussed by the HMT. It is suggested a Service Plan should be in place by end of 2020.
- A review of the indicators on Pentana is to be completed to ensure that all performance indicators that are suitable to be added to the system are input.
- From 1 April 2020 the process for unplanned repairs is to be changed; currently there are 8 contractors and this will reduce to 2 main contractors. The method of calculating the payment for these repairs is also to be changed.

Carbon Reduction

Introduction

As part of the 2019/20 annual plan, Internal Audit has completed the annual and final review of the Carbon Reduction return for Phase 2 of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, to ascertain that the Council's Energy Management Unit (EMU) have complied with the requirements of the CRC scheme.

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.

Phase 2 of the CRC scheme commenced on 1 April 2014 and ended 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.

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

- 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.

The CRC Scheme is replaced by the Streamlined Energy and Carbon Reporting (SECR) Framework with increases to the climate change levy rates. The overall rates from 1 April 2019 increased around 50% for electricity and 70% for gas. The new Government package is reported to provide a new social benefit of up to £1.5bn and will help deliver an energy efficiency boost of 20% by 2030.

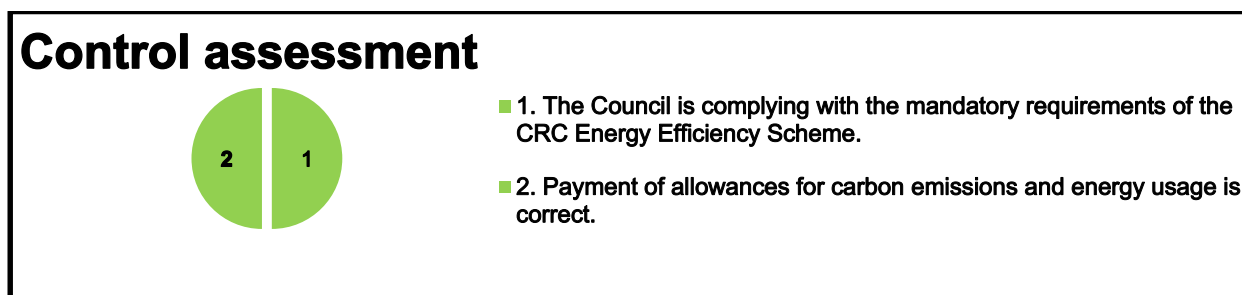
Conclusion

The level of assurance given in this report is '**Comprehensive Assurance**'.

Overall assessment of Key Controls

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

Table 2 Overall assessment of key control objectives



There are no recommendations in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- Reconciliations between the consumption totals on the monitoring spreadsheet and suppliers invoices are completed twice a year;
- The Policy and Resources Committee receive an annual report on the Council's compliance with its climate change duties.

Planned Improvements/Changes:

An annual report to the Public Sector Climate Change Duties is required to be provided by Angus Council. The 2019 report was presented to the Policy and Resource Committee on the 8 October 2019, Report 336/19. The details for energy and water are provided by the EMU team using the robust process reviewed for the outgoing CRC scheme. The only change is that readings are to be performed twice a year instead of three times as the 183 day rule no longer requires to be followed.

Integra Budget Module (Budget Monitoring & Budget Management)

Introduction

As part of the 2019/20 annual plan, Internal Audit has completed a post-implementation review of the Integra Budget Module, including a review of how effectively the new module is being utilised by budget holders.

Background & Scope

The introduction of the budget module was part of the core finance systems and processes review under the Angus Change Programme. The project was one of the five work streams undertaken as part of the Finance review. The Council's financial system, Integra, was reviewed in 2017, including how it was deployed and if it could meet the business needs of the Council. It was known that a number of departments within the Council had deployed their own "systems" for managing their finances, and the review was carried out to determine why these departments were running their own financial system and whether Integra could be developed to meet the needs of departments plus the Council corporately. As part of this review it was decided to add the budget module available for Integra.

The Integra Budget Module provides functionality which delivers automation and workflow with regard to the preparation of periodic budget forecasting information for budget holders, corporate reporting and preparation of the annual revenue budget.

The implementation of the Integra Budget Module was also intended:

- to standardise financial monitoring/forecasting and budget setting processes over all the Finance Service accountancy teams and remove the majority of spreadsheet manipulation, by automation of the processes involved.;
- The Module workflow also provides a delineation between the roles of finance contacts and budget holders;
- To make it easier for budget holders to understand and take ownership of their budgets and spend:
- To enable self-service reporting for both budget holders and senior leadership.

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

- A business case with clearly stated requirements, costs and benefits was developed for the project, and controls were in place to ensure project deliverables were achieved in full, within the agreed timeframe and budget;
- The new module was subject to rigorous system and user testing which was signed off as satisfactory;
- Arrangements were made to provide users with the correct level of training prior to the module going live;
- The Council's budget has been broken down into a hierarchy reflecting the responsibility of specific managers, this has been communicated to relevant staff, and they accept responsibility for control of those areas;
- Budget holders have the necessary skills for managing budgets and controls are in place to ensure the new module is being correctly utilised by budget holders;
- The new module gives budget holders access to timely and easily understood information on income and expenditure, profiled spend and projected outturns to enable them to effectively monitor and control their budgets, and has reduced the need for spreadsheet manipulation for budget monitoring;
- All adjustments to projected outturns carried out by Finance contacts or budget holders are clearly annotated on the budget module, giving reasons for each adjustment;
- The new module allows appropriate monitoring reports to be produced to enable senior management to effectively monitor the Council's financial position.

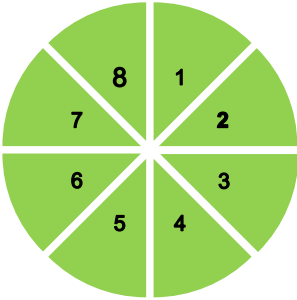
Conclusion

The level of assurance given for the Integra Budget module in this report is '**Comprehensive 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. A business case with clearly stated requirements, costs and benefits was developed for the project.
- 2. The new module was subject to rigorous system and user testing which was signed off as satisfactory.
- 3. Arrangements were made to provide users with the correct level of training prior to the module going live.
- 4. The Council's budget has been broken down into a hierarchy reflecting the responsibility of specific managers, this has been communicated to relevant staff, and they accept responsibility for control of those areas.
- 5. Budget holders have the necessary skills for managing budgets and controls are in place to ensure the new module is being correctly utilised by budget holders.
- 6. The new module gives budget holders access to timely and easily understood information on income and expenditure, profiled spend and projected outturns to enable them to effectively monitor and control their budgets.
- 7. All adjustments to projected outturns carried out by Finance contacts or budget holders are clearly annotated on the budget module, giving reasons for each adjustment.
- 8. The new module allows appropriate monitoring reports to be produced to enable senior management to effectively monitor the Council's financial position.

There are no recommendations in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- Comprehensive interactive online training is readily available on the intranet, and was made available to all budget holders prior to going live
- There was a project team, a project board and a project plan with risks and issues logs.
- The budget module has ensured consistency over all finance contacts and the information that is available to services and budget holders.

Planned Improvements/Changes:

We were informed by the Integra development team that work is ongoing to improve payroll information detail within the module.

Areas Identified for Improvement:

Although there were workshops to demonstrate the module, explain the workflow and provide a forum to ask questions, it was suggested by some budget holders that they would have appreciated being consulted at the very beginning of the project to give their input as to what they needed and what would be helpful. Although not a recommendation it is suggested that this feedback should be taken on board for future Integra developments, and new projects in general.

The issue of commitment accounting was raised by a number of services, and although out with the scope of this audit, we would advise Finance to carry out a review in the near future to establish the feasibility of acquiring and implementing the Integra job-costing module, which could facilitate commitment accounting and remove the need for services to use alternative systems or spreadsheets.

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 41 actions in progress at 20 February 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 20 February 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 20 February 2020

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

**Table 2 – Actions in Progress - as at 20 February 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	-	-	-	-	-	-
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
Legal & Democratic	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
	2019/20	-	1	-	1	-	2
Grand Total		3	7	5	2	1	18

The 2017/18 Finance actions relate to Report 17/14 Service Level Agreements, where the implementation of these actions has been undertaken in conjunction with a wider review of the use of contracts and grants in engaging with the third sector. These actions are now due for completion by 31 March 2020.

The priority 1 and 2 actions are:

- We will establish a corporate risk register (or registers depending on the position adopted in revised guidance) for grant agreements
- We will issue guidance on the distinction between a 'contract for service' or 'grant funding'
- We will review our monitoring requirements for grant agreements, issue revised guidance to achieve assurance of due return on funding provided balanced with proportionality and efficiency / effectiveness
- We will update Following the Public Pound guidance, Appendix 2 (list of monitoring requirements)
- We will put in place authorisation limits for grant funding for inclusion in the Financial Regulations at its next review / update – this is currently underway.
- We will issue guidance on the process for renewal of grant agreements

The 2018/19 priority 1 and 2 actions are:

- Infrastructure Report 18-20 Level 1 We will agree a SMART action plan for the carbon Working Group Revised due date 31 March 2020
- Finance Report 18-02 level 2 We will produce corporate guidance for services in relation to inventory recording Revised due date 30 June 2020 to tie in with timetable for new financial regulations

**Table 3 – Actions in Progress - as at 20 February 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/>							
HR, Digital Enablement, IT & Business Support	2018/19	-	1	-	1	-	2
	2019/20	1	6	3	-	-	10
<hr/>							
Communities	2018/19	-	1	1	-	-	2
	2019/20	-	-	-	-	-	-
<hr/>							
Grand Total		3	8	5	1	-	17

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.

