

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 27 APRIL 2021

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 planned Internal Audit work;
- (ii) note management's progress in implementing internal audit and counter fraud recommendations; and
- (iii) note the position at Section 4 below regarding the Head of Internal Audit's annual opinion for 2020/21.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN /COUNCIL PLAN

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

3. BACKGROUND

Introduction

Annual internal audit plans are 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 planned work.

Due to the impact of Covid-19 on the ability to complete planned internal audit work and the change in risk assessments a revised plan was agreed at the September Scrutiny and Audit committee meeting (Report 229/20 refers).

Member of the Internal Audit and Counter Fraud teams worked temporarily during 2020 in the Council Emergency Centre (CEC). Both team members have returned full-time to Internal Audit. To compensate in part for the audit days lost, a small number of additional IT audit support has been called down from our existing support contract with Azets (entered into in February 2019) and work within the internal audit team reorganised to maximise work done. This will be accommodated within the existing approved budget.

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

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**.

Ad-hoc requests for advice are dealt with as they arise.

4. IMPACT OF COVID 19 RESPONSE ON AUDIT WORK AND THE ANNUAL OPINION FOR 2020/21

As noted above a revised plan has been agreed to take account of the impact of Covid-19 on resourcing and risk. We have also taken steps to compensate for the reduction in available audit days due to staff redeployment.

At this stage I do not anticipate a need to report a limitation of scope in arriving at my opinion. I am satisfied that I have identified alternative sources of evidence to draw upon and made alternative arrangements for work to fill gaps caused by the reduction in planned work and available resources during this year. This position is dependent upon the majority of planned audit work being completed and reported by June 2021. CLT and CGOG (the Corporate Governance Officers Group) will also be involved on an ongoing basis should this position change.

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 update report

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

27 April 2021

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 from June 2020 to 19 April 2021 and provides an update on progress with:

- planned audit work, including new audits drawn from the audit pool; and
- implementing internal audit and counter fraud recommendations

AUDIT PLANS PROGRESS REPORT





At the end of June 2020, we had outstanding items from the 2018/19 and 2019/20 audit plans, as well as an agreed plan for 2020/21, and additional Covid-19 related work identified after March 2020.



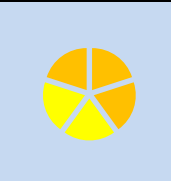
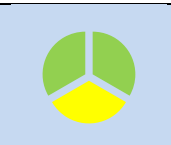
Outstanding planned work in August 2020 was reviewed in light of changing and new risks, and a revised plan was presented to and agreed by the September 2020 Scrutiny and Audit Committee meeting (Report 229/20). The table below notes all work that is started or in progress.



While all audit work involving Procurement staff is on hold to allow the procurement team to deal with Covid-19 related procurement activity, work is being undertaken in April to re-start and re-schedule that activity.

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

Progress with Internal Audit Work post June 2020

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Corporate Governance					
Corporate Governance annual review – 2019-20	June 2020	Complete	N/A	N/A	16 June 2020 (Report 164/20)
Annual Assurance re IJB	March 2021	Outcomes from relevant audits and Annual Report 164/20 shared with IJB auditor. Assurance re council oversight of IJB on hold			<i>June 2021</i>
Gifts & Hospitality Register and Register of Interests	July/August 2020	Complete	Comprehensive		Dec. 2020
Covid-19 governance – Use of delegated powers	New project May 2020	Complete	Comprehensive		Aug. 2020
Financial Governance					
Payroll/Resourcelink processes – Leavers and establishment changes	May 2020	Complete	Substantial		Sept. 2020
Car Parking Income & Contract Management	Feb. 2020	Removed from plan December 2020	N/A	N/A	Dec 2020
Pupil Equity Fund	March 2020	Complete	Substantial		April 2021
Comfort funds (Care Homes, Day Care Centres)		Planned but on hold			<i>Included in Audit Pool</i>
Data matching bank accounts used in Covid-19 support payments (New Covid-19 related risk area)	August 2020	Complete	N/A	N/A	Jan. 2021

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Payroll continuous auditing April – June 2020 July – Sept 2020 Oct. – Dec. 2020	On-going	Complete Complete Complete	Comprehensive Comprehensive Comprehensive	N/A N/A N/A	Aug. 2020 Dec 2020 Mar. 2021
Creditors continuous auditing April – June 2020 July – Sept. 2020 Oct. – Dec. 2020	On-going	Complete Complete Complete	Comprehensive Comprehensive Comprehensive	N/A N/A N/A	Aug. 2020 Dec. 2020 Mar. 2021
Petty Cash	Nov. 2020	Complete	Comprehensive		Jan. 2021
Council Tax	Feb./March 2021	In Progress			<i>June 2021</i>
IT Governance					
Eclipse post implementation Review (Children & Families) (19/20 plan)	Feb. 2020	Complete	Substantial		Aug 2020
IT resilience & disaster recovery (19/20 plan)	Jan. 2020	Complete	Substantial		Aug. 2020
IT Interfaces	Feb. 2021	In progress			<i>June 2021</i>
I-Pay follow-up	March 2021	In progress			<i>June 2021</i>
Internal Controls					
Business continuity planning and disaster recovery	Jan. 2020	Complete	Substantial	N/A	Sept 2020
Procurement – Exemptions from Tendering process	March 2020	In progress, but on hold			<i>TBC</i>
Automated New Start/Recruitment Process	Mar./April 2020	In progress			<i>June 2021</i>
Personal Protective Equipment (PPE)	Dec. 2020/ Jan. 2021	Complete	Substantial		April 2021
Asset Management					

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Review of Property Asset Maintenance	Feb./March 2021	In progress			<i>June 2021</i>
Review of Roads Maintenance	March/April 2021	In progress			<i>Aug. 2021</i>
Legislative and other compliance					
Procurement Reform (Scotland) Act 2014 (B/F from 2018/19 plan)	2018/19 plan April 2019	Draft report issued			<i>TBC</i>
Private Water Supplies Legislation		Moved to Audit Pool			<i>Included in Audit Pool</i>
LEADER	Aug 2020	Complete	Comprehensive		Dec 2020
Other					
PSIAS Compliance - External Review	March 2020	Complete	General compliance with PSIAS (equivalent of Substantial)		<i>Jan 2021 R11/21</i>
Review of Audit Scotland's publications on Fraud and Irregularity					
2018/19 was covered in Report 160/20, with two areas for further work:					
Children & learning	July 2020	Complete			Aug. 2020
Use of council vehicles	April 2021	In progress			<i>June 2021</i>
2019/20 issues	March 2021	In progress			<i>June 2021</i>
Consultancy and Advice					
Finance Service capacity review	Oct. – Dec. 2020	In progress, but on hold			<i>TBC</i>
Review of changes to policies and procedures due to Covid-19 response April to July 2020	April to July Consultancy work	July 2020 review complete	N/A	N/A	Aug 2020
Covid -19 Food Fund Emergency cash	New project May 2020	Complete	N/A	N/A	Sept. 2020
Audit Scotland Update on Covid-19 Guide for Audit and Risk Committees	Sept/Oct 2020	Complete	N/A	N/A	Dec 2020 Report 306/20

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / <i>(target in italics)</i>
IT Security Controls in Response to Covid-19	Feb./Mar. 2021	Complete	N/A	N/A	April 2021
Strategic Framework Business Grant Counter Fraud review	Feb/March 2021	Complete	N/A	N/A	April 2021

Angus Alive and Angus Health & Social Care IJB

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

Changes to the 2020/21 IJB Audit Plan were agreed in December 2020 and the work is in progress.

The 2020/21 audit planning process for ANGUSalive was delayed due to Covid-19. A plan for 2020/21 was agreed at their Finance & Audit Sub-committee on 9 April 2021 and work is now in progress.

Reports for both bodies are presented to their respective audit committees throughout the year.

SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS

This section provides a summary of the material findings of internal audit reviews concluded since the last meeting. It also provides information on the number of recommendations made. Recommendations are ranked in order of importance, with 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: -

- Personal Protective Equipment (PPE)
- Strategic Framework Business Fund Counter fraud review
- Pupil Equity Fund (PEF)
- IT Security Controls in Response to Covid-19

Personal Protective Equipment (PPE)

Background & Scope

As part of the 2020/21 annual plan, Internal Audit has completed a review of the procurement, stock management and contingency arrangements for Personal Protective Equipment (PPE) supplies during the current pandemic.

The Covid-19 pandemic has seen an unprecedented demand for PPE worldwide, and Angus Council is no exception. The Council requires a substantial volume of PPE in order to continue to deliver its services safely and minimise the risks to both citizens and staff. It is therefore vital that the Council has proper procedures and controls in place for the procurement and stock management of PPE, as well as contingency arrangements in place for unforeseen events such as supplier failure or a sudden spike in demand.

As reported to the Council's Leadership Team (CLT) in October 2020 the total cost of PPE supplied from March 2020 at the beginning of the pandemic to 30 September 2020, including Term 2 School bulk spend, is approximately £294,400. Based on these figures the total estimated spend to the end of this financial year could be £700,000.

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

- Adequate procedures and controls are in place for the procurement of PPE required by Council services
- Adequate stock control arrangements are in place for PPE supplies
- Contingency arrangements are in place to ensure that essential PPE supplies can continue to be sourced in the event of supplier failure or a sudden spike in demand.

The audit covered procedures and controls in place for central procurement and stock control of PPE. We also reviewed stock control arrangements within individual services where PPE was ordered, with an emphasis on schools where PPE spend is significant.

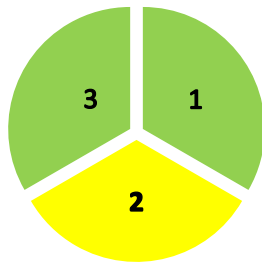
Conclusion

The overall level of assurance given for this report is '**Substantial Assurance**'. From the start of the pandemic, FM Support staff have provided an effective and efficient process for supplying PPE to Council Services and should be commended for their achievements, latterly with the assistance of IT staff in the development of an online PPE ordering system.

Overall assessment of Key Controls

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

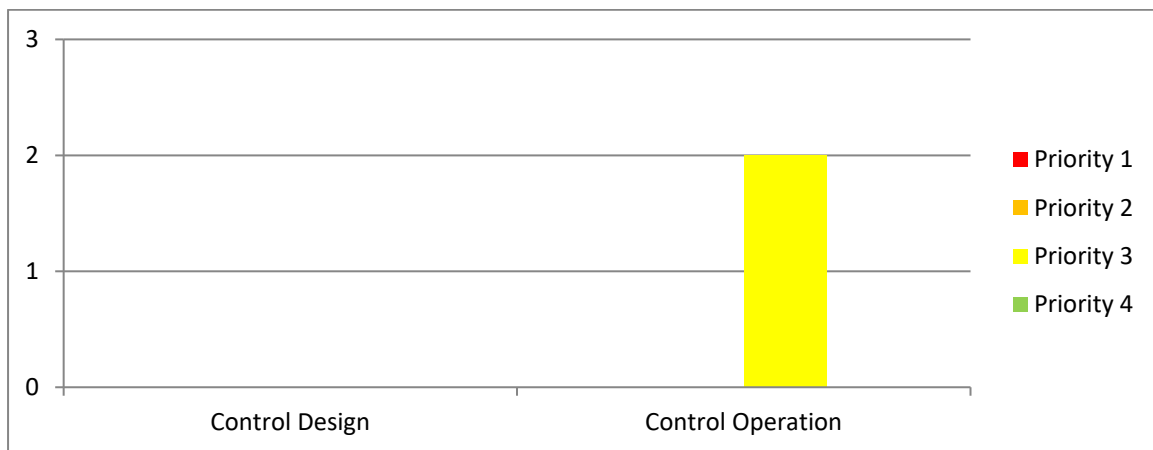
Control assessment



- 1. Adequate procedures and controls are in place for the procurement of PPE required by Council services.
- 2. Adequate stock control arrangements are in place for PPE supplies.
- 3. Contingency arrangements are in place to ensure that essential PPE supplies can continue to be sourced in the event of supplier failure or a sudden spike in demand.

Audit Recommendations summarised by Type & Priority

Improvement Actions by type and priority



There are two priority 3 operational control recommendations in this report. A number of points/queries raised in questionnaires returned by services during the course of our fieldwork have been passed to the FM Support team for consideration, but no specific audit actions are required.

Key Findings

Good Practice:

- Council's Leadership Team has received reports on the ordering process and an overview of the costs of supplying PPE to council services and schools.

Planned Improvements/Changes:

- The stock control form is in the process of being amended to include extra columns where the date of additions is shown separately from the current stock figure. We were informed by IT that they hope to complete the amendments by March 2021.
- CLT and Manager's reports are being developed to provide a better breakdown of data for the monitoring of PPE ordering. Currently the CLT cost report is complete. Other monthly reports to be available are stock control, overall PPE, service PPE (requests/recharges) and ad-hoc requests.

Areas Identified for Improvement:

We have made 2 recommendations to address medium risk exposure which are:

Level 3

- School guidance on stock control should be issued to ensure adequate stock records are kept, where possible minimum levels of stock should be detailed and staff reminded of the requirement for stock checks to be performed, in line with Financial Regulation 24.1.
- Consultation between Head Teachers and Team Leader - School Operations should take place prior to ordering bulk quantities of PPE for each term, to ensure the correct type and quantity of PPE is being provided to schools.

Strategic Framework Business Fund counter fraud review

The Strategic Framework Business Fund (SFBF) provided grants to businesses that were required to close by law or to significantly change their operations due to COVID-19 restrictions from 2 November 2020. Payments were made on a four-weekly basis and award amounts were dependent on rateable value. Some applicants were eligible for other top-up payments also.

Activity in February in respect of three SFBF payments raised suspicion. These were investigated by the counter fraud team and each found to be potentially fraudulent. The combined sum paid for these claims was £32,800.

The next BACS run for scheme payments was scheduled for 18 March 2021 and an exercise was undertaken to ensure as far as possible that only genuine applications were paid on that date. Payments were selected for checking where changes to bank account details had been requested.

891 payments were due to be processed on 18 March 2021. Of the 499 of these checked by counter fraud staff 492 were assessed as being valid. The seven cases where queries arose are broken down as follows.

- the three applications identified on 25 February 2021.
- a further one fraudulent claim identified by the exercise.
These applications were removed from the BACS run due on 18 March 2021 thus preventing further losses.
- In three further cases it was established that businesses had vacated their premises and were no longer eligible for the grant and these applications were also removed from the BACS run due on 18 March 2021 thus preventing further payments being made.

SFBF Grants	No of instances	Percentage of instances compared to processed payments	Value of grant paid before March 2021	Future payments prevented
Fraudulent applications identified pre-exercise	3	0.003	£32,800	£31,500
Fraudulent applications identified by the exercise	1	0.001	£10,000	£10,500
Other applications identified for cessation	3	0.003	N/A	£31,500
Total	7	0.007	£43,800	£73,500

This exercise served to offer reassurance that fraud in the scheme, though present, is at the lower end of the scale.

The four identified cases where fraud is suspected have been reported to Police Scotland.

Pupil Equity Fund (PEF)

Introduction

As part of the 2020/21 annual plan, Internal Audit has completed a review of the processes and controls in place for the administration of the Pupil Equity Fund (PEF) to provide assurance that the Council is complying with Scottish Government national operational guidance.

Background & Scope

Pupil Equity Funding (PEF) is being provided as part of a £750 million Attainment Scotland Fund being invested over the current parliamentary term (2016 – 2021). PEF is allocated directly to schools and is targeted at closing the poverty related attainment gap. The first tranche of PEF funding was released in April 2018.

PEF is ring-fenced funding which goes direct from Scottish Government to individual schools, who receive an amount of funding based on the number of children and young people in P1-S3 they have who are entitled to a free school meal. All but three Angus schools receive this funding. Like other Scottish Government grants, it comes with the requirement to report on the impact of its use. Some Angus schools have received significant amounts (up to £160,000) of additional finance through the PEF and they are obliged to consult with their school community as to how best to use the fund. In addition to tackling inequalities this fund can help with the creation of community approaches that support learning in the round and will be at the forefront of helping to deliver the aspirations expressed in the Council's locality plans with partners and communities.

Whereas schools have welcomed this additional resource, this has presented a new financial challenge for head teachers to manage alongside their other financial responsibilities. The funding is to be spent at the discretion of the head teacher, working in partnership with each other and their local authority. Although PEF must help to support children registered for free school meals, head teachers can use their judgement to include additional children as part of the school's approach to help pupils affected by poverty.

The Scottish Government has issued national operational guidance, including key principles on the use of PEF, to support head teachers to spend any funds they receive; local authorities may also issue complementary guidance about how the funding will operate locally. This may include arrangements for schools to partner with each other, their local authority and school communities, to agree the use of the funding and ensure best value in their activities, interventions or resources that they deliver. Angus Council issued local guidance to schools on use of PEF funding in April 2019, which was updated in October 2019.

Head teachers are accountable to their local authority for the use of the funding and are expected to incorporate details of PEF into existing reporting procedures to their Parent Council and Forum, including in their annual School Improvement Plans and Standards and Quality Reports. These reports should be publicly available so that parents/carers can understand what is happening in their school.

Updated guidance on the use of PEF (PEF: National Operating Guidance 2020) was published by the Scottish Government on 18 May 2020, in response to the Covid-19 pandemic. The guidance was relaxed to allow all head teachers and local authorities to support the most vulnerable children's needs during this time

The audit reviewed processes in place to comply with PEF guidance, including reporting requirements. We also reviewed procedures in place to carry out adequate PVG checks on individuals employed to provide services in schools using PEF funding, and that procurement limits are being adhered to.

These are the key control objectives of the audit:

- The Council has effective procedures in place to meet the national guidance and reporting requirements.
- PEF funding is being utilised for its intended purpose, taking account of the revised national guidance issued on 18 May 2020.

- Head teacher reports on the use of PEF funding and associated outcomes for their school are presented to the Parent Council and made available to parents in general.
- Adequate procedures are in place to carry out PVG checks on individuals employed to provide services in schools using PEF funding.
- Procedures are in place to ensure that procurements limits are not being breached, where the same company is being employed by a number of schools to provide the same service.

We took a sample of 10 schools, to which we issued a questionnaire and asked for evidence of their answers. These documents were reviewed against an internally generated risk and control matrix based on the above control objectives, and the findings documented.

In the academic year 2019-2020 Angus schools received £2.1 million PEF funding. The schools in our sample, along with the amount received, were:

• Burnside PS	£94,800
• Hayshead PS	£164,400
• Southesk PS	£64,800
• LanglandsPS	£78,000
• Northmuir PS	£46,800
• Maisondieu PS	£76,800
• Arbroath Academy	£101,520
• Montrose Academy	£60,000
• Brechin High School	£38,400

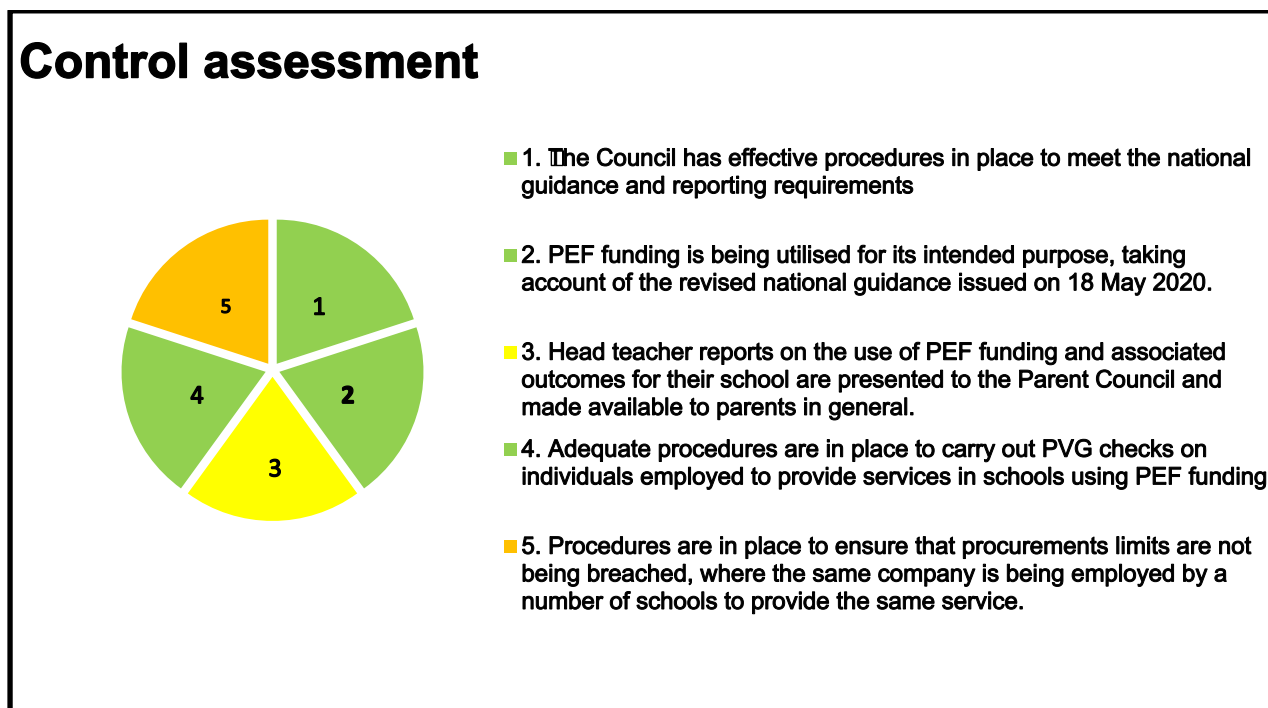
Conclusion

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

Overall assessment of Key Controls

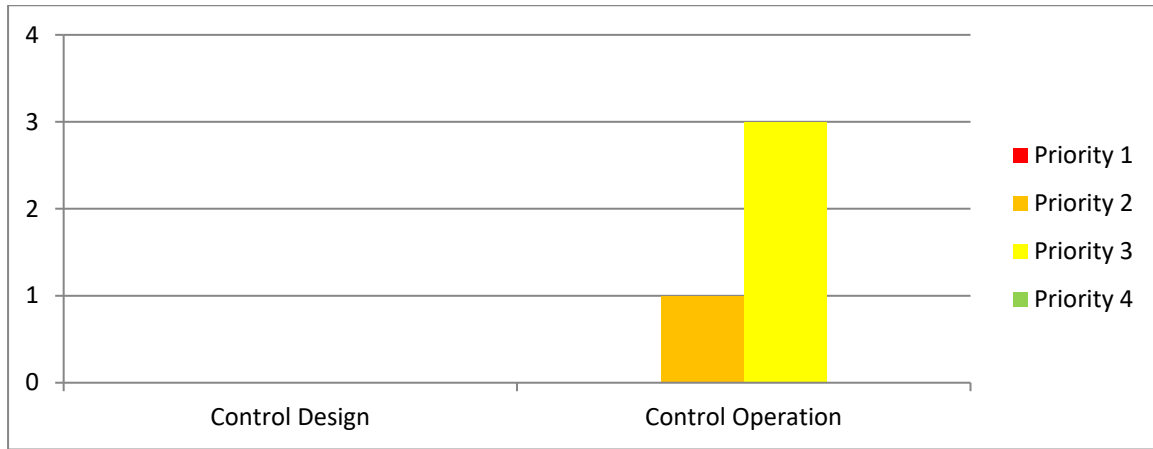
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Table 2 - Overall Assessment of Key Controls



Audit Recommendations summarised by Type & Priority

Table 4 Improvement Actions by type and priority



There are three priority 3 Operation control recommendations and one priority 2 Operation control recommendation in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- There is a standard report for PEF funding which is co-ordinated and reported by the Director of Education & Lifelong Learning in the Annual Educational Plan and Annual Education Report.
- There is a template for recording PEF activity which enables schools to identify others with similar interventions and provides the opportunity to share resource and knowledge.
- Brechin High School deserves special mention for how it involved parents/carers and stakeholders in all aspects of PEF funding, making all information available.

Areas Identified for Improvement:

We have made 4 recommendations to address medium risk exposure which are:

Level 2

- Senior management in Education & Lifelong Learning should reiterate to head teachers and other budget holders the Procurement advice on the de minimis threshold and the exemption process.

Level 3

- It should be ensured that all schools make PEF funding information available on a regular basis (at least annually) to the Parent Council and all parents / carers.
- Schools should check, and keep a record of, the PVG number of any non-Angus Council staff prior to being allowed to work in the school.
- Schools should be reminded of the requirement to consult with parents/carers on the use of PEF funding.

IT Security Controls in Response to Covid 19

Background

The Covid-19 pandemic continues to have a significant impact on Council operations. One of the most significant impacts was the working arrangements for staff. There was substantial increase in the number of staff who had to work from home creating a high level of dependency on IT services.

The change to working arrangements resulted in heightened IT and information security risks with evidence of a global increase in phishing and ransomware attacks. This, coupled with substantial remote access, meant the Council, like most organisations, had to move at pace to scale up remote working capability whilst having to maintain and/or increase security protections over organisation data.

Scope

We performed a high-level review to consider the adequacy of steps taken to enhance security of the Council's network in response to increased home working. This included a review of technical security measures to allow secure access to the network as well as guidance and/or policy issued to staff to manage the security risk.

Conclusion

We identified a number of areas within the council which represent good practice in relation to the response to COVID.

Overall, the Council has adequate IT security controls in place to minimise the risks associated with substantial levels of home working. There are a range of technical controls that have been implemented and these are supported by assurance activities such as penetration tests to identify any weaknesses in the configuration of the network.

IT security requires ongoing management and development, and we have identified some further areas where action can be taken to further enhance the IT security posture of the Council's corporate network. These primarily relate to policy, procedural and behavioural matters.

Implementation of actions resulting from Internal Audit recommendations

Background

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

Summary of Progress – Internal Audit

The figures presented in the tables below have been obtained after analysis of the audit actions recorded and monitored on the Pentana Performance system.

The information presented below reflects the position of the 38 actions overdue and in progress at 19 April 2021 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- Table 1 identifies actions which would have been overdue but have had the **original completion date extended**.
- Table 2 details all other actions which are **currently in progress** (not yet reached due date).

**Table 1 – Internal Audit Actions in progress as at 19 April 2021
(due date extended)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Infrastructure	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	1	1
	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
Communities	2017/18	-	-	-	-	-	-
	2018/19	-	2	-	-	-	2
	2019/20	-	-	-	-	-	-
SPT&PSR	2017/18	-	-	-	-	-	-
	2018/19	1	-	-	-	-	1
	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
Finance	2017/18	-	1	1	-	-	2
	2018/19	-	1	2	-	-	3
	2019/20	-	-	-	-	-	-
	2020/21	-	-	2	-	-	2
HR, DE, IT & Business Support	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
	2019/20	3	13	5	1	-	22
	2020/21	-	1	-	-	-	1
Legal & Democratic	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
	2019/20	-	1	-	-	-	1
	2020/21	-	-	-	-	-	-
Grand Total		4	19	10	1	1	35

The 2017/18 priority 2 outstanding action is:

- Finance – Report 17-14. We will put in place authorisation limits for grant funding for inclusion in the Financial Regulations at its next review. Update - revised due date 31 May 2021, to align with timetable for completion of updated Financial Regulations.

The 2018/19 priority 1 and 2 outstanding actions are:

- SPT&PSR - Report 18-20 Level 1. We will finalise and agree the SECAP and put appropriate monitoring procedures in place. Update - this has been delayed until early 2021, due date extended to 31 May 2021.
- Communities – Report 18-14 Level 2. We will identify all current guidance, policies, and procedures relevant to the Environmental protection section and seek to rationalise the content. We will create a single point on the s-drive to store the related documents and ensure easy access.
- Communities - Report 18-05 Level 2. We will update the Communities Risk Register to reflect these risks. Update - awaiting review and establishment of a separate risk register for Environmental Services. This is in progress but has been delayed due to other more pressing demands. Due date was revised to 31 July 2021.
- Finance - Report 18-02 Level 2. We will produce corporate guidance for services in relation to inventory recording. Update - revised due date 31 May 2021, to align with timetable for completion of updated Financial Regulations.

**Table 2 – Internal Audit Actions in Progress as at 19 April 2021
(Not yet reached due date)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Education & Lifelong Learning	2019/20	-	-	-	-	-	-
	2020/21	-	-	1	-	-	1
HR, DE, IT & Business Support	2019/20	-	1	1	-	-	2
	2020/21	-	-	-	-	-	-
Grand Total		-	1	2	-	-	3

Summary of Progress – Counter Fraud

Internal control actions resulting from counter fraud reviews are included in Pentana to allow them to be monitored more effectively. Counter Fraud recommendations are not assigned a priority.

Table 3 Actions in progress as at 19 April 2021

Directorate	Year review Carried Out	Total
HR, Digital Enablement, IT & Business Support	2019/20	3
Communities	2020/21	4
Grand Total		7

Table 4 Actions Overdue as at 19 April 2021

Directorate	Year review Carried Out	Total
HR, Digital Enablement, IT & Business Support	2019/20	1
Grand Total		1

Definition of Assurance Levels, Control Assessments & Recommendation Priorities

Level of Assurance definitions

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

Control assessment definitions

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

Recommendation Priority definitions

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