

AGENDA ITEM NO 6

REPORT NO 177/21

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 1 JUNE 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 was 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 1 June 2021 sufficient audit work has been undertaken to allow my annual opinion to be arrived at without any limitation of scope.

5. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

6. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required, as this report is providing reflective information for elected members.

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

1 June 2021

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

Contents Page

INTRODUCTION 1

AUDIT PLANS PROGRESS REPORT..... 1

SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS..... 6

**Definition of Assurance Levels, Control Assessments & Recommendation
Priorities 16**

INTRODUCTION

This report presents the progress of Internal Audit activity within the Council from June 2020 to 20 May 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.





All audit work involving Procurement staff was put on hold to allow the procurement team to deal with Covid-19 related procurement activity. A meeting was held with the Manager (Procurement & Commissioning) in May to re-schedule that activity and this is reflected in the table below.

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/April 2021	Outcomes from relevant audits and Annual Report 178/21 shared with IJB auditor. Assurance re council oversight of IJB on hold and will be picked up in 2021/22	N/A	N/A	June 2021
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 Jan. – Mar. 2021	On-going	Complete Complete Complete Complete	Comprehensive Comprehensive Comprehensive Comprehensive	N/A N/A N/A N/A	Aug. 2020 Dec 2020 Mar. 2021 June 2021
Creditors continuous auditing April – June 2020 July – Sept. 2020 Oct. – Dec. 2020 Jan. – Mar. 2021	On-going	Complete Complete Complete Complete	Comprehensive Comprehensive Comprehensive Comprehensive	N/A N/A N/A N/A	Aug. 2020 Dec. 2020 Mar. 2021 June 2021
Petty Cash	Nov. 2020	Complete	Comprehensive		Jan. 2021
Council Tax	Feb./March 2021	In Progress			<i>Aug 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	Complete	Limited		June 2021
I-Pay follow-up	March 2021	Draft report issued			<i>Aug 2021</i>
Internal Controls					
Business continuity planning and disaster recovery	Jan. 2020	Complete	Substantial	N/A	Sept 2020
Procurement – Exemptions from Tendering process	August 2021	In progress, but on hold			<i>Nov. 2021</i>
Automated New Start/Recruitment Process	Mar./April 2020	In progress			<i>Aug 2021</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Personal Protective Equipment (PPE)	Dec. 2020/ Jan. 2021	Complete	Substantial		April 2021
Asset Management					
Review of Property Asset Maintenance	Feb./March 2021	Complete	Substantial		June 2021
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>Aug. 2021</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)		Jan 2021 R11/21
Review of Audit Scotland's publications on Fraud and Irregularity	March 2021	Complete			June 2021 R182/21
2019/20			N/A	N/A	
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>Aug 2021</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	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
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 a draft report for the main piece of audit work has been issued for agreement.

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: -

- Property Asset Maintenance Processes
- Interfaces
- Data Analysis/Continuous Auditing – Payroll & Creditors (January to March 2021)

Property Asset Maintenance Processes

Introduction

As part of the 2020/21 annual plan, Internal Audit has completed a review of arrangements for compliance with legislation and statutory regulations and compliance with approved Council procedures for building maintenance focussing on prioritisation of work, risk assessment processes, budget allocation, and health and safety requirements.

Background & Scope

The Council's Property portfolio currently comprises of approximately 300 buildings. These buildings require to be maintained so that they function effectively and efficiently in supporting the delivery of service. Any deterioration in a building's physical condition, due to a lack of maintenance, can adversely affect service delivery, and also create legal, health & safety, and reputational issues for the Council. The total 2020/21 budget for planned and unplanned maintenance of buildings is £1.241million revenue and £1.322 million capital.

The purpose of this audit is to provide assurance that adequate procedures and controls are in place for property asset maintenance. During discussions with Chief Officers in developing the Internal Audit Plan for 2019/20, concerns were raised regarding the loss of resources available for the maintenance of the Council's property assets, and the impact this could have in later years.

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

- Asset management plans, linked to the Council Plan, are in place for property assets, to optimise the utilisation of assets and assist the Council in achieving its objectives.
- There are appropriate arrangements in place to identify legislative responsibilities for building maintenance and to put in place policies, procedures, and programmes to ensure property assets remain fit for purpose and are safe to use; these policies and programmes include both planned and reactive/unplanned maintenance, and identify priority areas and funding.

- Adequate procedures are in place for identifying, recording and accounting for each asset; repairs and maintenance schedules are co-ordinated with these records, to ensure schedules are up-to-date.
- A rolling programme of condition surveys are undertaken to identify maintenance requirements, which are prioritised using defined criteria, and resources are then allocated according to priority.
- Risk assessment processes are in place which follow corporate guidelines, are adequately documented, and appropriate action is taken to manage/mitigate risks identified.
- Up-to-date, approved health & safety procedures are in place which are in accordance with statutory guidelines and best practice.
- Procedures are in place to monitor contractors' performance to ensure value for money, and quality assurance checks are properly documented.
- Relevant, timely and accurate management information is produced in a suitable format and reported on a regular basis.

Fieldwork covered both planned and reactive/unplanned maintenance in all services, excluding Housing, for which separate legislation exists.

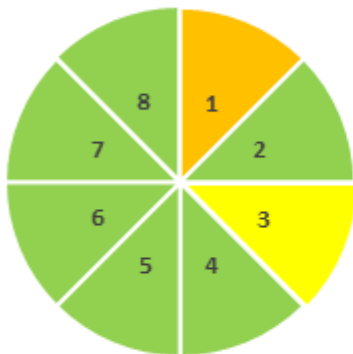
Conclusion

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

Overall assessment of Key Controls

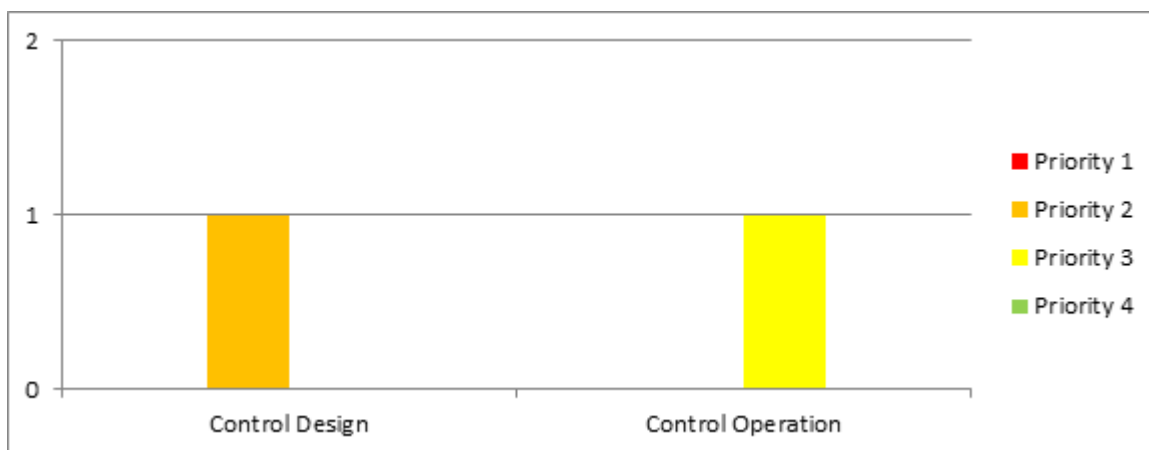
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

Control Assessment



- 1. Asset management plans, linked to the Council Plan, are in place for property assets, to optimise the utilisation of assets and assist the Council in achieving its objectives.
- 2. There are appropriate arrangements in place to identify legislative responsibilities, to put in place policies, procedures, and programmes to ensure property assets remain fit for purpose etc and identify priority areas and funding.
- 3. Adequate procedures are in place for identifying, recording and accounting for each asset; repairs and maintenance schedules are co-ordinated with these records, to ensure schedules are up-to-date.
- 4. A rolling programme of condition surveys are undertaken to identify maintenance requirements, which are prioritised using defined criteria, and resources are then allocated according to priority.
- 5. Risk assessment processes are in place which follow corporate guidelines, are adequately documented, and appropriate action is taken to manage/mitigate risks identified.
- 6. Up-to-date, approved health & safety procedures are in place which are in accordance with statutory guidelines and best practice.

Audit Recommendations summarised by Type & Priority



There is one design control recommendation, priority 2, and one operational control recommendation, priority 3, in this report.

Key Findings

Good Practice:

- All assets are recorded in the Badger database system with a unique site number.
- School estate is condition surveyed annually.
- Non-school assets are surveyed at least every 2 years on a rolling programme basis.
- Contractor dispute queries are followed up with the result of savings to the Council.

Planned Improvements/Changes:

- Dispute/query proformas are completed where concerns have been raised regarding a project by staff and emailed to the Contractor for a response. This is an area which could be automated from Badger.
- The Badger system is to be developed for job reporting and paperless invoice processing from 2022/23. Discussions are to be held with IT to progress this.
- Contractors are to use iPads to update information on the Badger system for jobs completed and electronic payments completed through Badger and Integra. Currently paper job forms are completed and signed on site before being posted to HQ, it is hoped that in future these can be electronically scanned to the system.

Areas Identified for Improvement:

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

Level 2

- The Corporate Property Asset Management Plan should be updated as a matter of priority, the Historic Asset Management Policy finalised and both documents reported to the relevant Committee for approval. Both documents should be in alignment with the corporate priorities set out in the Angus Community Plan and the Council Plan.

Level 3

- For staff who no longer require access to Badger or other estates systems, their access rights should be cancelled timeously; a documented process for this should be provided for staff to follow.

Interfaces

Introduction

As part of the 2020/21 audit plan, Internal Audit has completed a review of the system interfaces.

Background & Scope

The Council has numerous systems that have interfaces in place for transfer of data from one to the other. For example, it is common for interfaces between Payroll and Finance systems.

Interfaces can be manual, semi-automated or fully automated and it is important in any of these situations that there are effective system controls in place to manage access to interfaces as well as for managing data in transit and data at rest to minimise the risk of malicious activity.

It is also vital for data quality purposes that there is adequate planning and testing of interfaces before they go live. In addition, documenting the design of interfaces is a key component of an effective process and maintaining this allows for effective risk and impact assessment of changes to interfaces.

The mix of central and local management of systems increases the risk that management processes and controls over interfaces, and their documentation, are not consistent with good practice.

Our review considered the adequacy of processes across the Council for management, maintenance, and ownership of data interfaces between Council systems. In particular, our review assessed the adequacy of the following controls:

- There is adequate documentation and understanding of interfaces between Council systems.
- There are adequate access controls in place over who can initiate and change data interfaces between systems.
- There are adequate controls in place to protect data in transit and data at rest for data interfaces.
- There are effective processes for changes to interfaces including risk and impact assessment, testing and backout plans.
- There are adequate processes in place to identify and respond appropriately to data transfer failures.

Our audit work was based on a sample of three Council systems:

- 'Integra' – the Financial & Accounting System which is administered within IT.
- 'NPS Revenues & Benefits' (NPS) – the Housing Benefit and Council Tax Caseload System. This is administered within the Revenues and Benefits team, with IT responsible for the system infrastructure and hardware.
- 'ResourceLink' – the Payroll System which is administered within HR.

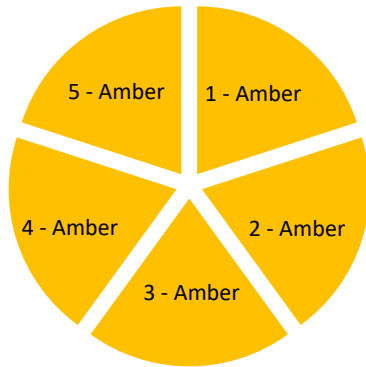
Conclusion

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

Overall assessment of Key Controls

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

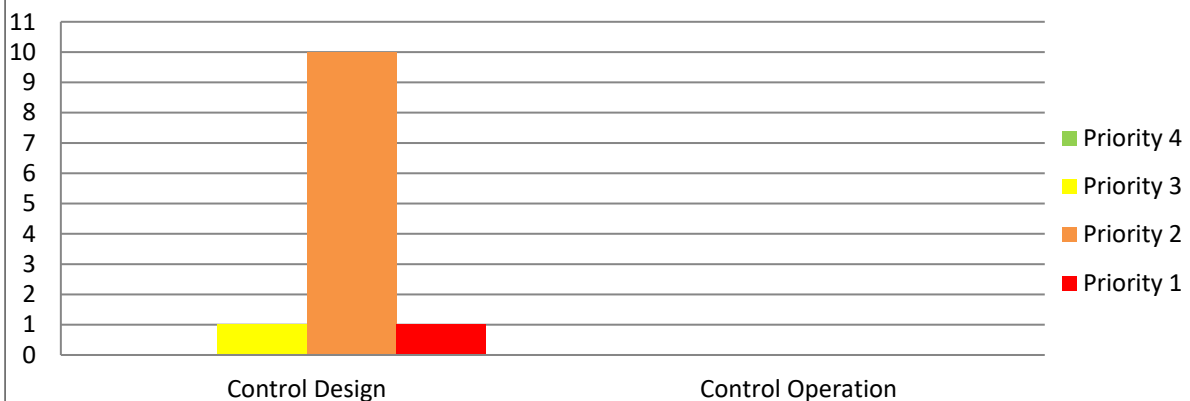
Control assessment



- 1. There is adequate documentation and understanding of interfaces between Council systems.
- 2. There are adequate access controls in place over who can initiate and change data interfaces between systems.
- 3. There are adequate controls in place to protect data in transit and data at rest for data interfaces.
- 4. There are effective processes for changes to interfaces including risk and impact assessment, testing and backout plans.
- 5. There are adequate processes in place to identify and respond appropriately to data transfer failures.

Audit Recommendations summarised by Type & Priority

Improvement actions by type and priority



There are 12 recommendations in this report; all of which are design control recommendations (one priority 1, 10 priority 2, and one priority 3).

Key Findings

Areas Identified for Improvement:

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

We have made 12 recommendations to address high, moderate, and limited risk exposure, including: one Priority 1, ten Priority 2 and one Priority 3 recommendations to address high risk exposures area.

Priority 1

- There is limited documentation of the design and operation of interfaces for Council business systems. This undermined our ability to perform audit testing of access controls as well as the security of data at rest and in transit.

Priority 2

- The spreadsheet listing interfaces for Integra is not fully completed.
- Documentation recently produced for automated elements of interfaces should be updated to include all processes and kept up-to-date.
- Access control requirements for processing and management of interfaces, including systems and where data is in transit or at rest, need to be established as part of the process of documenting their design and operation. This should be used as the basis of determining future access requirements.
- System administrators do not currently perform a review to confirm that privileged access is not inadvertently provided when granting access to a new start. It is typical practice for access requests to ask for another user's access to be used as the basis for granting access.
- There is no monitoring of access to, initiation of, and changes made to the NPS Revenues & Benefits and ResourceLink interfaces.
- A consequence of the lack of design and operation documentation for interfaces is that it is not possible to understand the controls in place over data in transit and at rest.
- There is no change control process in place for ResourceLink interfaces.
- The majority of interfaces have been in place for some time, with some being over 20 years old, are manual and rely on individuals monitoring their success or failure. There is only a small number of interfaces that have some degree of automation, but these are primarily for individual processing steps rather than the end-to-end lifecycle of the process. The manual process also extends to ensuring that the files from feeder systems are created and are available in the correct locations.
- There is no formal process for responding to data transfer failures for all three system interfaces.

Priority 3

- The IT Change Control process does not currently require supporting documents to be updated as part of a change e.g. design and operation documents.

Wider Learning Points:

- Our audit work covered a sample of three systems, and it is likely to be the case that similar weaknesses will exist in other systems. In taking forward the recommendations from this review, management should seek to establish a control framework and standards that can be applied for interfaces across all relevant business systems.

Data Analysis/Continuous Auditing: Payroll and Accounts Payable

Internal Audit carries out interrogation of Payroll and Accounts Payable (Creditors) information as part of the Continuous Auditing Programme. We used the data analysis software, CaseWare IDEA (Interactive Data Extraction Analysis) and Microsoft BI to analyse the data extracted from the Council's systems.

We previously reported the results of our data analysis/continuous auditing in March 2021 (Report 59-21), which covered the period from October 2020 to December 2020 for both payroll and creditors. No significant issues were identified at that time.

Creditors/Accounts Payable

The level of assurance given as a result of testing payments registered and authorised by the same person is **Comprehensive Assurance**.

Payments to suppliers for January to March 2021 have been analysed. There were 6 instances of an invoice being both registered and authorised by the same employee. These instances have been investigated and satisfactory explanations obtained.

Payroll

The level of assurance given for the period January to March 2021 as a result of the testing on duplicate and missing NI numbers and high value payments is **Comprehensive Assurance**.

No concerns were raised regarding duplicate or missing NI numbers or high value payments. Duplicate NI numbers found related to employees with more than one part-time job. Three unexpected high value payments (i.e. not Chief Officer's salaries) were investigated and found to be leavers who had received lump sum final payments.

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 41 actions overdue and in progress at 20 May 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 20 May 2021 (due date extended)

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Infrastructure	2018/19	-	-	-	-	1	1
Communities	2018/19	-	2	-	-	-	2
SPT&PSR	2018/19	1	-	-	-	-	1
Finance	2017/18	-	1	1	-	-	2
	2018/19	-	1	2	-	-	3
	2019/20	-	-	-	-	-	-
	2020/21	-	-	2	-	-	2
HR, DE, IT & Business Support	2019/20	3	13	5	1	-	22
	2020/21	-	1	-	-	-	1
Legal & Democratic	2019/20	-	1	-	-	-	1
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 30 June 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 30 June 2021, to align with timetable for completion of updated Financial Regulations.

**Table 2 – Internal Audit Actions in Progress as at 20 May 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	2020/21	-	1	3	-	-	4
HR, DE, IT & Business Support	2019/20	-	1	1	-	-	2
Grand Total		-	2	4	-	-	6

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 20 May 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 20 May 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.