

AGENDA ITEM NO 5

REPORT NO 13/22

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 25 JANUARY 2022

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 (Appendix 1);
- (ii) note management's progress in implementing internal audit and counter fraud recommendations (Appendix 1); and
- (iii) note the Angus IJB audit plan for 2021/22 (Appendix 2) which was approved by the IJB audit committee on 23 June 2021.

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

- 3.1 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 from the plan agreed at the Scrutiny & Audit Committee in March 2021 (Report 60/21).
- 3.2 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.
- 3.3 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.
- 3.4 The latest results are included in the Update Report at **Appendix 1** and summarised in section 4 below.
- 3.5 Ad-hoc requests for advice are dealt with as they arise.

4. SUMMARY OF JANUARY ASSURANCES

- 4.1 The following table summarises the conclusions from audit work completed since the last Scrutiny & Audit Committee. Further information on each audit, and definitions of control assurances, are provided in Appendix 1.
- 4.2 Recommendations from consultancy work are not graded. The number of recommendations made are noted under the Grade 4 column. * In the final column denotes that the service already has actions in place to address weaknesses identified in the audit or has action plans for other improvements in progress.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
LEADER	Substantial		-	-	-	*
Review of Roads Maintenance	Substantial		-	-	1	-
Review of Audit Scotland's Fraud & Irregularity report 2020/21 and 2018/19	N/A	N/A	-	-	1	-

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications from this report.

6. EQUALITY IMPACT ASSESSMENT

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

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

REPORT AUTHOR: Cathie Wyllie, Service Leader – Internal Audit

EMAIL DETAILS: ChiefExec@angus.gov.uk

List of Appendices:

- Appendix 1 Internal audit update report
Appendix 2 IJB 2021/22 audit plan

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

25 January 2022

Cathie Wyllie
Service Leader – Internal Audit
Strategic Policy, Transformation & Public Sector Reform

Contents Page

INTRODUCTION	1
AUDIT PLANS PROGRESS REPORT.....	1
SUMMARY OF FINDINGS OF INTERNAL AUDIT REVIEWS.....	4
DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES	20

INTRODUCTION

This report presents the progress of Internal Audit activity within the Council from June 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 PLAN PROGRESS REPORT

The table below notes all work that is started or in progress, including incomplete work from June 2021. It also includes the fixed portion of the plan agreed in March 2021.






Audit work involving Procurement staff has restarted but continues to progress slowly due to the workload resourcing positions within the service and a change of Directorate and approach.

One audit team member remains temporarily seconded on a part-time basis to support the activities of the Council Emergency Centre (CEC). The time spent this year from 1 April 2021 to the end of September is 12 days. From 18 October until 7 January 2022 the time spent, at 25 days, has been greater than anticipated due to the impact of Storm Arwen and the recent rise in Covid 19 cases. The secondment is expected to end by 31 January 2022. Although this impacts on the time available for audit projects I do not anticipate that this will prevent me from providing my annual assurances and opinion for 2021/22.

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

Progress with Internal Audit Work post June 2021

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 2021	Complete	N/A	N/A	1 June 2021 (Report 178/21)
Annual Assurance re IJB	March/April 2022		N/A	N/A	<i>June 2022</i>
Risk Management	Feb./March 2022				<i>June 2022</i>
Review of GDPR compliance	Feb./Mar. 2022	Planning			<i>June 2022</i>

Financial Governance					
Council Tax	Feb./March 2021	Complete	Comprehensive		Aug 2021
Non-domestic rates system	Oct. / Nov. 2021	In Progress			March 2022
Housing arrears	Jan. 2022	Planning			March 2022
Payroll continuous auditing Complete April – June 2021 July 2021 Aug – Sept 2021 To do Oct. – Dec. 2021 Jan. – Mar. 2022	On-going	N/A	Comprehensive		Aug 2021 Sept 2021 Nov 2021
Creditors continuous auditing Complete April – June 2021 July and August 2021 Sept. 2021 To do Oct - Dec. 2021 Jan. – Mar. 2022	On-going	N/A	Substantial (revised from Comprehensive in August)		Aug 2021 Sept 2021 Nov 2021
IT Governance					
I-Pay follow-up	March 2021	Complete	N/A Consultancy project	N/A	Aug 2021
IT User access administration – IDOX TBC	Dec 21/Jan 22	In progress			March 2022
IT project management	Nov/Dec 2021	In progress			March 2022
End User Computing	Feb/March 2022	Planned			June 2022
Internal Controls					
Procurement – Exemptions from Tendering process	August 2021	In progress			March 2022
On-line Recruitment / New Start process	Mar./April 2020	Complete	Substantial		Nov 2021
Protection of vulnerable groups	July 2021	Complete	Substantial		Nov 2021

Fostering, adoption and kinship allowances	Feb. / March 2022				<i>June 2022</i>
Adults with incapacity follow-up	Feb. 2022				<i>June 2022</i>
Asset Management					
Review of Roads Maintenance	March/April 2021	Complete	Substantial		Jan. 2022
Housing improvements – capital projects	July/Aug. 2021	Complete	Comprehensive		Nov. 2021
Legislative and other compliance					
Procurement Reform (Scotland) Act 2014 (B/F from 2018/19 plan)	Moved to 2022/23 plan		N/A	N/A	<i>Nov. 2021</i>
Participatory budgeting	Moved to 2022/23 plan	N/A	N/A	N/A	<i>Aug 2021</i>
Corporate parenting	Nov. 2021				<i>March 2022</i>
LEADER	Oct/Nov 2021	Complete	Substantial		Jan. 2022
Other					
Review of Audit Scotland's publications on Fraud and Irregularity 2018/19, final item - Use of council vehicles	April 2021 Nov. 2021	Complete	N/A	N/A	Jan. 2022
Review of Audit Scotland's Fraud & Irregularity 2020/21 report.	Nov/Dec 2021	Complete	N/A	N/A	Jan. 2022
Consultancy and Advice					
Finance Service capacity review	Oct. – Dec. 2020	In progress, but on hold			<i>TBC</i>
Organisational resilience	Oct. 2021	Planning			<i>March. 2022</i>

Business support review	Dec 2021/Jan 2022	Planning			March 2022
-------------------------	-------------------	----------	--	--	------------

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.

The 2020/21 audit planning process for ANGUSalive was delayed due to Covid-19. Plans for 2020/21 and 2021/22 were agreed at their Finance & Audit Sub-committee on 9 April 2021 and work for 2020/21 is expected to be complete in early August.



Reports for both bodies are presented to their respective audit committees throughout the year. Where IJB audit reports are particularly relevant to the council they will also be reported to the Scrutiny & Audit committee.

The IJB audit plan for 2021/22 was approved by the IJB Audit Committee in June 2021 and is being presented to the January 2022 Scrutiny and Audit Committee as Appendix 2 to the main Internal Audit Activity Update report. The Angus Council internal audit team is responsible for carrying out the Commissioned Services review. Other work is undertaken by the appointed internal auditor, Tony Gaskin from FTF Audit Services.

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.

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
LEADER	Substantial		-	-	-	*
Review of Roads Maintenance	Substantial		-	-	1	-

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Review of Audit Scotland's Fraud & Irregularity report 2020/21 and 2018/19	N/A	N/A	-	-	1	-

LEADER

Introduction

As part of the Service Level Agreement between the Scottish Government Agriculture, Food and Rural Communities Directorate (SGAFRC) and Angus Council, acting as Accountable Body for Angus Local Action Group (LAG), there is a requirement at 10.1 that the Council submits an annual confirmation certificate and report. This has to include a summary of work undertaken by the Council's Internal Audit function and details of any findings noted in determining whether the LAG has complied with the requirements of the Service Level Agreement. An extension to the original date for signing off the claim to Scottish Government has been granted to the 30 November 2021.

Due to the number of queries unresolved at 30 November 2021 we issued an interim memo of the work undertaken to date which was forwarded to Scottish Government with the proviso that a full audit report would be available once the audit work has been finalised. This is the final report.

The factual accuracy of this report has been confirmed with Shelley Hague, Service Leader – Strategic Policy and Planning and Rhonda McFarlane, Strategic Policy & Project Officer.

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

Background & Scope

LEADER (Liaison Entre Actions de Développement de l'Economie Rurale) is a European Rural Development programme funded from European and Scottish Government money and is part of the Scottish Rural Development Programme, (SRDP) aimed at promoting economic and community development within rural Angus areas.

The LEADER rural development programme funding awarded to Angus Council is £2,798,980.99. The programme was launched in February 2016 and was due to end 31 December 2020, but the programme was subsequently extended to 31 March 2021 for all claims to be submitted to the Scottish Government. This and has now been further extended for all payments and drawdown claims to be made by 31 December 2021 and all paperwork up to date by 31 March 2022.

LEADER grants awarded, claims paid, and administration and animation expenditure incurred from information supplied per the table below:

Grants Awarded, Claims Paid and Administration & Animation Expenditure

	Total number at 15/10/2021	Total Value at 15/10/2021
GRANTS		
Grants Awarded	49	£2,129,997 (Ref 09)
Grant Claims Paid		£2,029,620 (Ref 12)
ADMINISTRATION AND ANIMATION CLAIMS		
		Total to 15/10/2021
Claims Submitted and received		£644,066 (Ref 12)
Claims to be submitted		£1,725

Note Project 03/P00048 has been taken from Angus LARCS and transferred to Perth & Kinross LARCs, this was a co-operation project for £18,103.12.

In the past we have noted that not all documents have been uploaded into LARCs. Our 2020/21 audit confirmed that an exercise undertaken to ensure all relevant documents are uploaded, with the audit checklist and a new tracker spreadsheet being used as control documents, had significantly improved this position. Further work is now underway to complete the upload to LARCS.

No new projects were approved in the period under review. An EU audit on project P00003 Auchlishie is ongoing, their findings were to be reported in November 2021, although this has not materialised. Angus Council have to January 2022 to respond. Scottish Government staff are satisfied with the evidence provided for the audit with the final payment to be made to the Applicant and the Council's drawdown to be prepared through LARCs.

In May 2021 the officers responsible for administering the grant left the council. In addition to council staff assigned to close off the programme Perth & Kinross Council staff have been involved in helping to finalise the admin related to the remaining open projects, with information gathering, finalising information on LARCs and liaising with the applicant to close the project.

The overall objective of the audit assignment is to confirm that for the year 16 October 2020 to 15 October 2021 Angus Council has undertaken the delegated function as specified in the SLA between Scottish Government and LAG.

The specific control objectives of the audit are to ensure that:

- The Council as Accountable Body for Angus Local Action Group is complying with the terms of the Service Level Agreement. This will include consideration of the revised arrangements in place during the current period.
- Claims for reimbursement of eligible LAG expenditure are processed in line with procedures.

We used a combination of interviews with key staff and reviewed information held on LARCs and Integra to ensure processes and procedures are in place to comply with the SLA and are appropriate. The output is a report to the to the Head of Service and a summary of the outcomes to the Scrutiny and Audit Committee. A copy of the report and Confirmation Certificate will be sent to the Paying Agency (Scottish Government LEADER Team) in line with guidance received from Scottish Government.

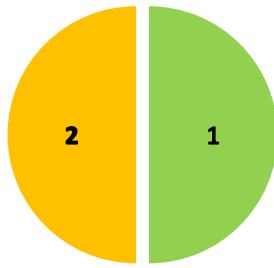
Conclusion

The overall level of assurance given for this report is '**Substantial Assurance**' however this is based on the planned actions to finalise the projects, and if these are not achieved within the tight timeframe the risk exposure will be high.

Overall assessment of Key Controls

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

Control assessment



- 1. The Council as Accountable Body for Angus Local Action Group is complying with the terms of the SLA.
- 2. Claims for reimbursement of eligible LAG expenditure are processed in line with procedures.

Key Findings

- No recommendations have been made, however the work that has been underway since 16 October 2021 to finalise projects, correct paperwork, and upload documents to LARCS requires to be completed.
- One learning point was noted. In future appropriate handover arrangements should be in place at the end of a programme if the staff leading the programme leave before it is finalised.

Roads 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 roads maintenance focussing on prioritisation of work, risk assessment processes, budget allocation, and health and safety requirements. This audit was originally planned for 2019/20 and delayed due to Covid 19.

Background & Scope

The Council is currently responsible for maintaining a road network of approximately 1,814km. The Roads (Scotland) Act 1984 places a duty on the Council as a roads authority to manage and maintain all roads entered on the “list of public roads” (commonly referred to as “adopted roads”) for Angus. This duty extends to the entire associated infrastructure including bridges, street lighting, road signs, etc. Roads maintenance covers all works on roads other than major new-build or reconstruction work, and includes routine, structural, winter maintenance, traffic management of road works, and maintenance of bridges and structures. All roads need regular structural maintenance, for example resurfacing or surface dressing, to ensure that their surfaces are sealed properly to prevent water penetration and to maintain skid resistance.

The Council's total expenditure invested in the Roads for the past three year was:

Year	Total expenditure invested	Carriageway backlog figure
2018/19	£9.6 million	£49.7million From report 168/19 – RAMP update
2019/20	£8.3 million	£55.45million Per SCOTS Backlog & Steady State Model Report – May 2019
2020/21	£8.9 million	May 2019 was latest report.

The 2018/19 figures are presented in report 168/19 Roads Asset Management Plan Update. The 2018/19 figures demonstrate a reduction of 25% expenditure since 2014/15. The latest backlog of work for carriageways in Angus, created by insufficient funding, is approximately £55.45 million.

The purpose of this audit is to provide assurance that adequate procedures and controls are in place for road 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 roads, 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 roads 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 re roads maintenance and to put in place policies, procedures and programmes to ensure roads 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 all roads assets; 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.

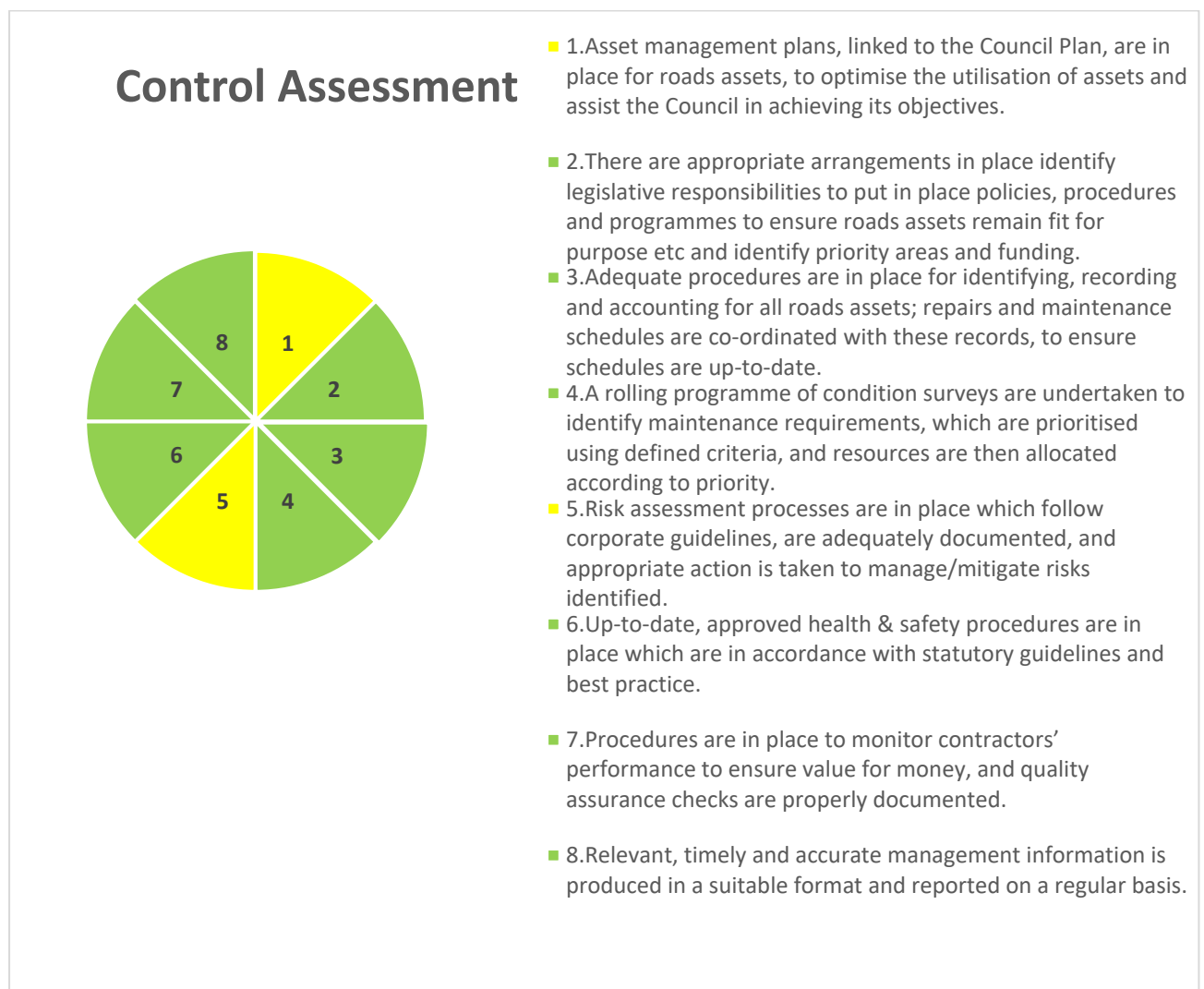
Fieldwork will cover both planned and reactive/unplanned maintenance.

Conclusion

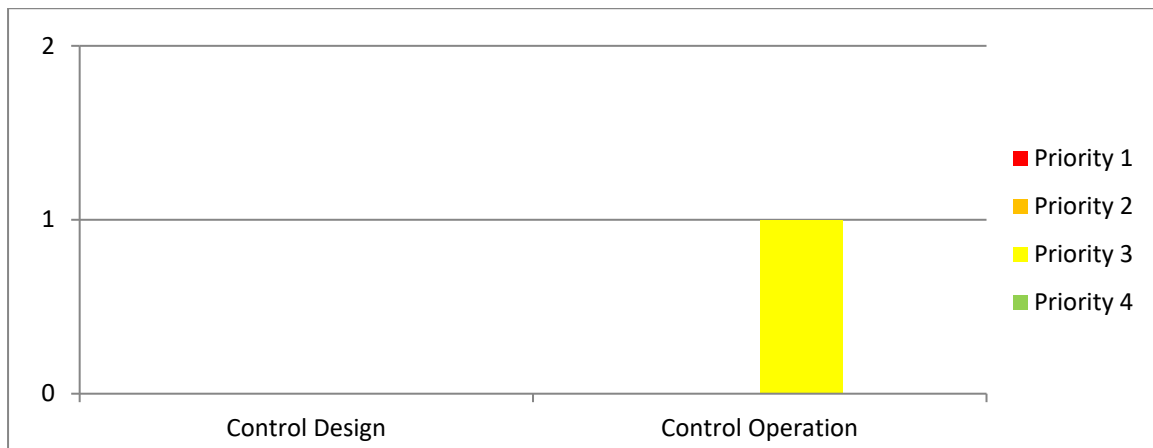
The overall level of assurance given for this report is **Substantial Assurance**. This relates to the management of Roads maintenance procedures within the Council which partially mitigate and minimise as far as possible the potential impact of the risks related to the latest estimated backlog of outstanding works as published in SCOTS (Society of Chief Officers of Transportation in Scotland) Backlog and Steady State Model Report (May 2019).

Overall assessment of Key Controls

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



Audit Recommendations summarised by Type & Priority



There is one priority 3 operational control recommendation in this report. There is also an action already included in Pentana relating to development of service risk registers that is relevant to the overall assessment provided from this audit.

Key Findings

Good Practice:

- A record of all assets is recorded on the Roads database.
- Road assets are routinely inspected.

Planned Improvements/Changes:

- Roads are investigating the possibility of a Roads Maintenance Management System which would help capture all data in one place to help with asset management.
- Development of Service Risk Register following revised corporate guidance is underway with a deadline of 31 December 2021. No recommendation has therefore been raised in relation to risks.
- At the Full Council meeting on 24 September 2021, it was agreed that on a spend to save basis an additional investment of £800k would be made for roads maintenance ahead of winter 2021/22. The works will be a mix of operations including additional repairs by the roadmaster, and pothole/patching repairs.

Areas Identified for Improvement:

We have made 1 recommendation to address medium risk exposure which is:

Level 3

- To ensure compliance with the agreed RAMP, training which had been delayed due to sickness absence then Covid restrictions should be rescheduled and rolled out as soon as possible.

Review of Audit Scotland's Fraud & Irregularity reports.

Introduction and scope

Audit Scotland published their Fraud and Irregularity 2020/21 report on 1 July 2021. The report shares risks and case studies from across Scotland to support the public sector in the prevention of fraud.

The [report](#) is published annually, and we consider its content in relation to the relevant control environments within Angus Council. There was one outstanding item from a previous report relating to the use of Council Vehicles. This has also been considered here.

Recommended actions

The 2020/21 report recommended that public bodies should ensure good governance and counter-fraud arrangements in place Including:

Recommendation from Audit Scotland Report 2020/21	Angus Council action
<p>1. Having in place appropriate governance and oversight arrangements for counter-fraud</p> <p>2. Regularly reviewing controls and governance arrangements to ensure they remain fit for purpose</p>	<p>The arrangements for counter fraud comply with Cipfa's guidance for counter fraud and are reviewed annually. The review is reported to Scrutiny and Audit Committee in the Annual Counter Fraud report each June.</p> <p>The Whistleblowing Policy has been revised during 2021 and is currently with Trade Unions for consultation ahead of being brought to Policy & Resources committee for approval.</p> <p>A review of the Council arrangements against the Serious organised Crime Task Force readiness checklist for "serious organised crime and corruption risk" has been undertaken by the Team Leader Counter Fraud and is due to be considered by the Corporate Governance Officers Group at their next meeting. Thereafter an update will be brought to this committee.</p>

Recommendation from Audit Scotland Report 2020/21	Angus Council action
<p>3. Being alert to emerging fraud risks and where appropriate working with others to help alleviate these risks</p>	<p>The Service Leader Internal Audit and Team Leader Counter Fraud have several professional networks that provide emerging fraud information, and this is shared with other services as appropriate when it is received.</p>
<p>4. Considering whether appropriate controls are in place to prevent the risks identified in this report materialising in their own organisation</p> <p>5. Considering whether the weaknesses in internal control that facilitated each case of fraud or irregularity identified in this report may also exist in their own organisations, and taking the required corrective action.</p>	<p>Internal Audit consider the Audit Scotland report and engage with services as required. The issues raised are considered below at a high level. The 2020/21 report has been shared with all Directors for further discussion with their service teams as appropriate.</p>

Conclusion

The high level review of the Audit Scotland reports has identified that our current arrangements, or reviews underway, should address the issues raised in other public bodies with one exception. We do not have comprehensive written policies or procedures dealing with private use of council vehicles. A Grade 3 action has been agreed to develop a corporate policy for implementation within services.

Case Studies

Case studies from Audit Scotland report (2020/21 and 2018/19)	Angus Council position
<p>Covid-19 funding (2020/21)</p> <p>A third party defrauded £10,000 from a council by making a false claim for a business grant.</p>	<p>Internal Audit and Counter Fraud team members have been involved in checking business grant payments on several occasions since March 2020. Bank details from known fraudulent claims were data matched and cases that have been identified and queried have been looked at individually and reported to the Police where appropriate.</p>
<p>Social Care (2020/21)</p> <p>A member of staff misappropriated over £7,000 from the accounts of vulnerable social care clients.</p>	<p>This related to corporate appointee arrangements. A working group is currently considering their administration and the weakness highlighted has been forwarded to the group for consideration in their review.</p>
<p>IT and Cyber-crime (2020/21)</p> <p>Case studies –</p> <p>A public body was subject to a serious cyber-attack which impacted upon access to systems , processes and communications.</p> <p>A cyber-attack caused disruption to services at several colleges</p>	<p>This is recognised as a risk in the Corporate Risk Register and a range of mitigating actions are in place.</p> <p>Action is underway following an incident at Brechin High School in 2021.</p> <p>The IT service is actively considering the shared learning from the cyber-attack on SEPA in 2020.</p> <p>Internal Audit last reported on cyber security in 2021 as part of the review of security post-Covid.</p>

Case studies from Audit Scotland report (2020/21 and 2018/19)	Angus Council position
<p>Payments (2020/21)</p> <p>A third party defrauded over £46,000 from a public body by purporting to be a staff member and then a supplier to the body.</p> <p>A third party defrauded £64,500 from a public sector body by purporting to be a genuine supplier.</p> <p>In both cases there was a request to change bank account details ahead of the payments being made.</p>	<p>This type of fraud has been reported by Audit Scotland in previous years and our systems for checking requests for bank account changes should prevent this type of fraud</p>
<p>Payroll (2020/21)</p> <p>Four parties defrauded almost £25,000 from four public bodies by re-directing salary payments.</p>	<p>This type of fraud has been reported by Audit Scotland in previous years and the Council's systems should prevent this from happening.</p>
<p>Misuse of vehicles</p> <p>2020/21</p> <p>A public sector employee defrauded almost £7,000 through unauthorised use of a hire car over a six month period.</p> <p>A public sector employee defrauded over £5,000 over an eight month period through unauthorised use of a pool car.</p> <p>2018/19</p> <p>Up to £500,000 was lost to a public body when employees used the body's assets for their own personal gain.</p>	<p>Authorising of hire car use should be covered by normal expenditure approval arrangements within each service.</p> <p>The council does not have a comprehensive corporate policy dealing with private use of Council vehicles. Services have varying arrangements in place; however these are not comprehensive or written in all cases. We consider this is an area where our procedures could be strengthened and an action to provide a corporate policy for services to implement has been agreed.</p>

Case studies from Audit Scotland report (2020/21 and 2018/19)	Angus Council position
<p>Theft of assets and cash</p> <p>An employee misappropriated cash and other assets valued at £237,000 from a public body over a period of eight years. The employee abused a position of trust within a secure store.</p>	<p>Cash handling, petty cash and stock control have all been audited in recent years and will continue to feature as part of our annual internal audit plans on a regular basis. Controls in place and recommendations implemented following recent audits will help prevent this happening within the Council.</p>

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 27 actions outstanding as at 17 January 2022 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- Table 1 shows audit actions which are overdue.
- Table 2 identifies actions which would have been overdue but have had the **original completion date extended**.
- Table 3 details all other actions which are **currently in progress** (not yet reached due date).

Internal Audit Actions - Overdue as at 17 January 2022

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
HR, DE, IT & Business Support	2020/21	-	1	-	-	-	1
Vibrant Communities & Sustainable Growth	2018/19	-	1	-	-	-	1
	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
Grand Total		-	2	-	-	-	2

The 2018/19 priority 2 overdue action is:

- 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. Revised due date was 31 December 2021.

**Internal Audit Actions - In Progress as at 17 January 2022
(Due date extended)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
HR, DE, IT & Business Support	2018/19	-	-	-	-	-	-
	2019/20	1	5	2	-	-	8
	2020/21	1	1	-	1	-	3
	2021/22	-	-	2	-	-	2
Legal & Democratic	2018/19	-	-	-	-	-	-
	2019/20	-	1	-	-	-	1
	2020/21	-	-	-	-	-	-
Grand Total		2	7	4	1	-	14

**Internal Audit Actions - In Progress as at 17 January 2022
(Not yet reached due date)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Infrastructure	2020/21	-	1	-	-	-	1
	2021/22	-	-	-	-	-	-
HR, Digital Enablement, IT & Business Support	2020/21	-	8	1	-	-	9
	2021/22	-	-	1	-	-	1
Grand Total		-	9	2	-	-	11

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.

Counter Fraud Actions - In Progress as at 17 January 2022

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

Counter Fraud Actions - Overdue as at 17 January 2022

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.

Appendix 2 IJB Internal Audit Plan 2021/22

The Angus IJB internal audit plan for 2021/22 was agreed at their audit committee meeting in June 2021. The following table is extracted from the report to the committee. The target Audit Committee timeline for AN05/22 and AN06/22 have been extended and are as detailed below.

Ref	Audit	Indicative Scope	Days	Target Audit Committee
AN01-22	Audit Planning	Agreeing audit universe and preparation of strategic plan.	2	June 2021
AN02-22	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	5	Ongoing
AN03-22	Annual Internal Audit Report (2020/21)	CIA's annual assurance statement to the IJB and review of governance self-assessment.	8	June 2021
AN04a-22	Governance & Assurance	Support during review or update of the Integration Scheme. Attendance at Charging Group to provide ongoing advice on required improvements	2 5	Ongoing plus yearend report- June 2022
AN05-22	Sustainability of Primary Care Services	Review the controls established to manage Strategic Risk 01 - Sustainability of Primary Care Services. The cause of the risk is described: <i>The risk arises as a result of an increase in GP vacancies due to retirement, difficulties in relation to recruitment and retention a significant factor is that this is arising due to national GP recruitment problem.</i> <i>Whilst a workforce plan is in progress, this requires further work on medical education locally and nationally to prepare medical students for care in GP in the future, there are gaps in this area at present.</i> <i>Premises and IT development are the major risks other than workforce that NHST needs to be aware of this at the highest level,</i> The scope will review selected controls to mitigate the risk.	23	August 2021 (now extended to April 2022)
AN06-22	Commissioned Service Providers	Review the controls established to manage Strategic Risk 11 – Commissioned Service Provider failure: <i>'As a result of certain factors (for example market competition, shortage of suitably qualified staff, impact of Covid 19 on operational feasibility, a large scale adult protection investigation leading to embargo) a commissioned provider of personal care at home, residential care or supported housing, is unable to continue to provide services, thereby resulting in a shortage of provision and unmet service user need'.</i> The scope will be to review selected controls to mitigate the risk.	20	December 2021 (now extended to April 2022)