

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 23 JUNE 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)

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 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 MARCH 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
Risk Management	Full audit postponed. Progress update provided	N/A	-	-	-	-
Housing Arrears	Substantial		-	1	2	-
Payroll continuous auditing Complete April 2021– March 2022	Comprehensive		-	-	-	-
Creditors continuous auditing Complete April 2021 – March 2000	Substantial		-	-	-	-
Continuous auditing – System access						
Never logged on To Feb. 2022	N/A	N/A	-	-	-	-
Not logged on in last 21 days To Feb. 2022	N/A	N/A	-	-	-	-
IT Project Management	Substantial		-	1	4	-
Organisational resilience	Progress update provided	N/A	-	-	-	-

- 4.3 In addition to reporting on the results of these audits we have also included an update on new data analysis checking that we have introduced on Systems Access.

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.

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List of Appendices:

Appendix 1 Internal audit update report

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

23 June 2022

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

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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 audit plan agreed in March 2021.





The audit team has experienced significant issues during this year with lack of engagement from some services, requests for audits to be postponed and delays in receiving documentation and evidence for audit work. It is recognised that the Covid pandemic has had an ongoing impact during 2021/22, with some staff deployed to other immediate priorities, and some services facing staffing shortages and recruitment issues. The issues have become more evident in recent months, and as a result some pieces of work in the 2021/22 audit plan will not be completed in time for publication of this report. However, all audits included within the plan have commenced and it is anticipated that those not yet completed will have progressed sufficiently for me to take assurance from the work for my annual assurances and opinion.


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	Complete	N/A	N/A	June 2022
Risk Management	Feb./March 2022	Full audit postponed (update provided)	N/A	N/A	June 2022
Review of GDPR compliance (Business Support)	May 2022	In progress			<i>Aug. 2022</i>
Financial Governance					

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Council Tax	Feb./March 2021	Complete	Comprehensive		Aug 2021
Non-domestic rates system	Oct. / Nov. 2021	Complete	Comprehensive		Mar 2022
Housing Rent Arrears	Feb. 2022	Complete	Substantial		June 2022
Payroll continuous auditing Complete April – June 2021 July 2021 Aug – Sept 2021 Oct. 2021 – March 2022	On-going	N/A	Comprehensive		Aug 2021 Sept 2021 Nov 2021 June 2022
Creditors continuous auditing Complete April – June 2021 July and August 2021 Sept. 2021 Oct. – Nov. 2021 Dec. 2021 – March 2022	On-going	N/A	Substantial (revised from Comprehensive in August)		Aug 2021 Sept 2021 Nov 2021 Mar. 2022 June 2022
IT Governance					
I-Pay follow-up	March 2021	Complete	N/A Consultancy project	N/A	Aug 2021
IT User access administration – IDOX	Dec 21/Jan 22	Complete	Limited		March 2022
IT project management	Nov/Dec 2021	Complete	Substantial		June 2022
End User Computing	Feb/March 2022	Draft report issued			<i>Aug. 2022</i>
Continuous auditing – System access					
Never logged on To Feb. 2022	Ongoing	Complete	N/A	N/A	March 2022
Not logged on in last 21 days To Feb. 2022	Ongoing	Complete	N/A	N/A	June 2022

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Internal Controls					
Procurement – Exemptions from Tendering process	August 2021	Report issued and under review			Aug. 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	May 2022	In progress			Aug. 2022
Adults with incapacity follow-up	Mar./April 2022	In progress			Aug. 2022
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	N/A	Nov. 2021
Participatory budgeting	Moved to 2022/23 plan	N/A	N/A	N/A	Aug 2021
Corporate parenting	Mar. - May 2022	In progress			Aug. 2022

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
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					
Organisational resilience	Oct. 2021	In progress. Update provided	N/A	N/A	<i>Nov. 2022</i>
Business support review	Dec 2021/Jan 2022	Draft report under review	N/A	N/A	<i>Aug. 2022</i>

Angus Alive and Angus Health & Social Care IJB

Angus Council's Internal Audit staff are committed to work on the audit plans for both 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 was completed and reported by 13 August 2021. Two pieces of work for 2021/22 have been completed and reported, the other remaining audit is currently in progress and will be reported to ANGUSalive's Finance & Audit Sub-Committee in September.





The IJB audit plan for 2021/22 was approved by the IJB Audit Committee in June 2021 and was presented to the January 2022 Scrutiny and Audit Committee as Appendix 2 to the main Internal Audit Activity Update report (Report 13/22). The Angus Council internal audit team is responsible for carrying out the Commissioned Services review. The draft report for this work is currently being reviewed. Other audit work is undertaken by the appointed IJB internal auditor, Tony Gaskin from FTF Audit Services.

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.

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 Priority 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
Risk Management update	Update provided	N/A	-	-	-	-
Housing Arrears	Substantial		-	1	2	-
Payroll continuous auditing Complete: April 2021– March 2022	Comprehensive		-	-	-	-
Creditors continuous auditing Complete April 2021 – March 2000	Substantial		-	-	-	-
Continuous auditing – System access Never logged on To Feb. 2022	N/A	N/A	-	-	-	-
Not logged on in last 21 days To Feb. 2022	N/A	N/A	-	-	-	-
IT Project Management	Substantial		-	1	4	-
Organisational Resilience	Progress update provided	N/A	-	-	-	-

Risk Management Update

Risk management was scheduled for a detailed review to ensure that the strategy agreed in 2018/19 has been rolled out fully in all corporate and service-related activity. Service Risk Register implementation has progressed during 2021/22, but was not complete at May 2022. For this reason, the full audit has not yet taken place.

Risk Management has been reviewed at a high level and the following positive information was noted:

- The Corporate Risk Register is being regularly reviewed, with evidence of risk escalation to corporate level.
- Regular reporting to Scrutiny & Audit Committee is now reinstated.
- In addition to the six-monthly update on the whole Corporate Risk Register, detailed information about specific risks is also brought to each Scrutiny & Audit meeting.
- Risk Management training has been rolled out to all services to aid development of Service Risk Registers and on-going support is available to services as this progresses.
- Training on risk appetite is under development, with plans to identify risk appetite during 2022/23.

Although there has been a delay in completing the planned changes to risk management, there has been progress during 2021/22 and there is a plan in place to complete the work. The plan appears reasonable and there are no recommendations to alter it.

Housing Rent Arrears

Introduction

As part of the 2021/22 annual plan, Internal Audit has completed a review of the control arrangements in place for the identification, monitoring and collection of rent arrears incurred by Council tenants.

Background & Scope

The Council's Housing Revenue Account (HRA) manages around 7,740 Council houses, with rent collection budgeted at approximately £31m (for 2021/22). 60 Housing staff are responsible for the management of tenancies within their respective areas.

At week 52 of the 2020/21 rent year, rent arrears as a percentage of rent due was 9.76% (9.72% in 2019/20); the total amount due from current tenants was

£1,839,401.02 from 2,958 cases, with a further £390,700.43 owed by 724 former - tenants.¹

For financial year 2021/22 £428,388.53 housing rent accounts, £3,232.93 garage rents and £13,096.91 sequestrations were written off.

Scottish Social Housing Charter Return for 2020/2021 records All Arrears as a % of Gross Rent for Angus as 8.49% (8.88% 2019/20), Scottish Average 7.76% (7.00% in 2019/20). % Rent Collected in the Year for Angus 106.76% (100.15% 2019/20) and Scottish Average 98.68% (99.14% 2019/20). The Local Government Benchmarking Framework 2020/21 for Rent Arrears has Angus Council in the middle of the 26 Councils who reported data.

It should be noted that the arrears recovery team sits within Revenues & Benefits, not within Housing. The Northgate system is used to manage and process housing rents.

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

- The Council has an approved policy on dealing with rent arrears which is reviewed and updated on a regular basis
- Regular monitoring of rent accounts takes place to identify those which have fallen into arrears
- Up-to-date documented procedures are in place to ensure that accounts with arrears are treated consistently, and staff have been trained in the application of those procedures
- Prompt action, in line with the documented procedures, is taken to recover any arrears which are identified
- Procedures are in place to provide support, information and advice to tenants who have fallen into arrears
- Adequate procedures are in place for approval of any debt which is to be written off
- Reporting of performance in relation to rent arrears takes place on a regular basis

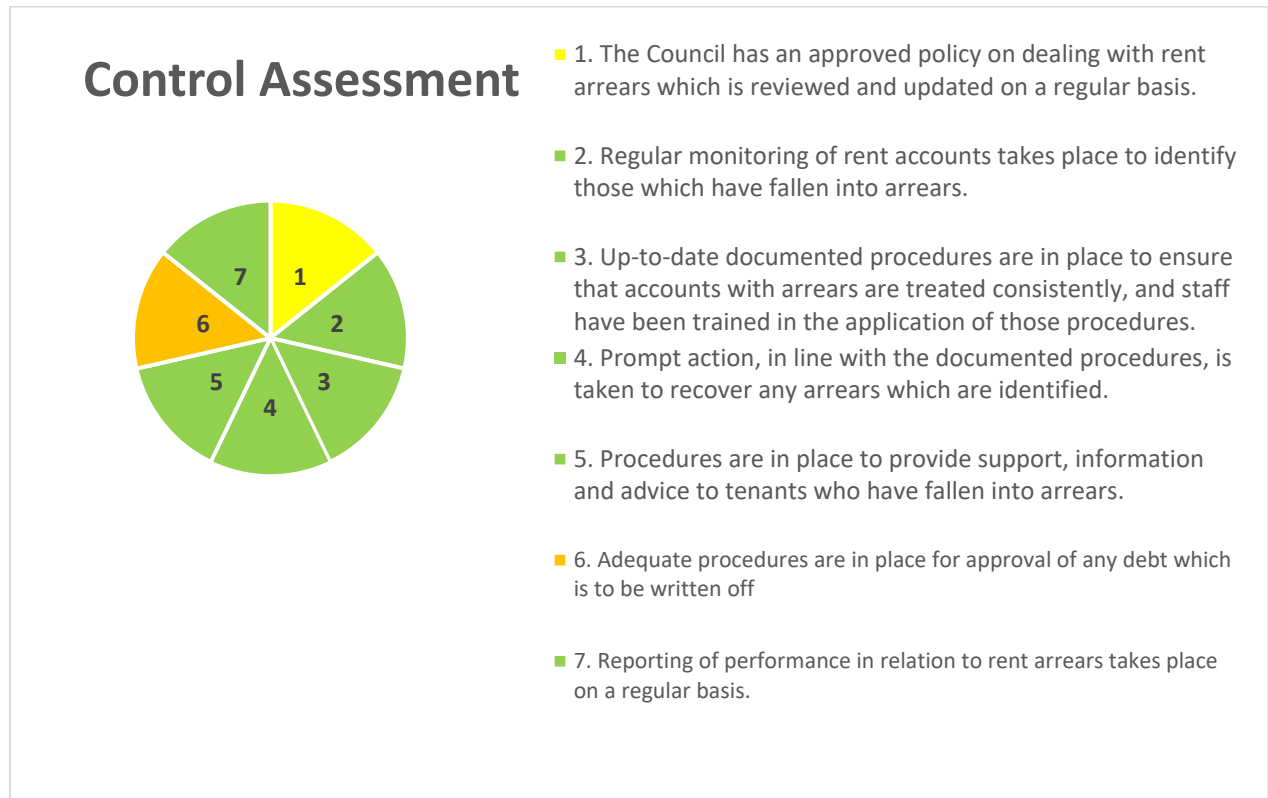
Conclusion

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

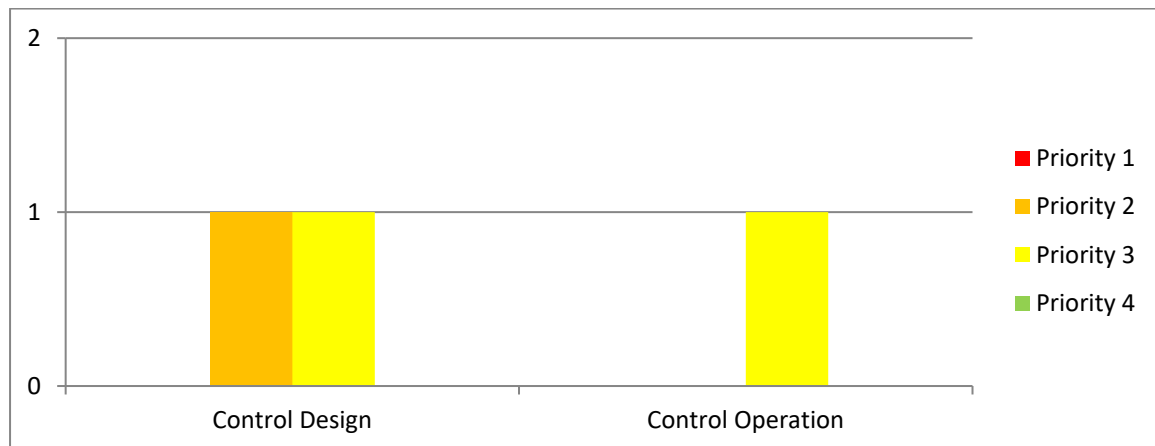
¹ Report 244/21, Schedule 3 – Communities Committee 17/08/2021

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 are two design control recommendations in this report, one priority 2 and one priority 3 and one operational control recommendation priority 3.

Key Findings

Good Practice:

- Rent accounts are monitored weekly and those that are in arrears are highlighted and acted upon.

Planned Improvements/Changes:

- A Northgate housing online package is to be designed to the Council's specifications to enable the tenant to view their own account and pay rent and repairs directly.
- The write off process for housing and garage rents has changed from staff individually writing off an account balance to batch processing. This was completed for the first time in March 2022.
- Staff within Revenues and Benefits have taken over the processing of sequestrations from Housing staff from March 2022.

Areas Identified for Improvement:

We have made 3 recommendations to address high and medium risk exposure which are:

Level 2

- Reconciliation between the monetary debt approved for write-off and the amounts written off on the Northgate system should be completed and kept. Also, spot checks on a sample of write off accounts should be completed to ensure the process has been successful with nil balances remaining on the relevant accounts.

Level 3

- The Rent Arrears Management Policy and the Housing Division process notes are outdated and should be reviewed and updated to ensure they reflect the current practises and structure of the Council
- Management should ensure Housing staff have the time to process changes in garage tenancies, so that these are dealt with promptly to alleviate arrears in this area.

Data Analysis/Continuous Auditing

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) to analyse the data extracted from the Council's systems. No new testing on Payroll has been completed for reporting.

Regular testing on system log-in access that has never been used or has not been used within the last 21 days has now been added to the data analysis work.

Payroll

The cumulative level of assurance given for the year to 31 March 2022 as a result of the testing on duplicate and missing NI numbers, duplicate bank account numbers, and high value payments is **Comprehensive Assurance**.

Payroll has previously been reported up to September 2021. For October 2021 to March 2022, a small number of items regarding duplicate or missing NI numbers, duplicate bank account numbers or high value payments were investigated and almost all were found to have satisfactory explanations. Duplicate NI numbers found related to employees with more than one part-time job, or people moving between jobs. High value payments generally related to people with additional payments related to the end of their employment; 2 high value payments are still being investigated with Payroll, and the outcome will be reported in due course.

Creditors

Continuous auditing on Creditors (Accounts Payable) covers two objectives:

- registration and authorisation of payments by the same person, and
- duplicate payments.

The cumulative level of assurance given as a result of testing payments registered and authorised by the same person is yellow and checking for duplicate payments is green giving an overall assurance level of **Substantial Assurance**.

Audit testing on creditors has been completed for the year to 31 March 2022 for the first objective above. There were 5 instances of the same person registering and authorising an invoice between January and March 2022, all were explained satisfactorily.

Duplicate payments were tested for the year to 31 March 2022, with two duplicate payments identified. The Payments team have been informed and refunds are being processed.

Systems Access

We have worked with IT colleagues to examine records showing staff who have never logged on to council systems, or who have not logged on in the last 21 days. This work will allow access that is not needed to be cancelled, thereby reducing opportunities for unauthorised access to council systems.

Work on the “never logged on” report previously identified 4 logins that should be deleted as the individuals no longer work for the council.

Work on the “Not logged on” report has been carried out up to 10 February 2022, and a sample of 88 cases of staff not logging in in the previous 21 days was investigated. 15 leavers were identified, which is a reduction from the last quarter when there were 56 leavers identified; IT have deleted the relevant accounts.

IT Project Management

Background & Scope

The Council’s IT team both leads and provides support to a wide range of technology and digital projects. This will extend from infrastructure renewal projects to supporting services develop and implement solutions.

There has been significant pressure on the IT team in the past 18 months to help implement solutions at increased pace to meet business demand. This has included security solutions, technologies to support remote working and to help digitise service provision for staff and citizens

Our review examined the effectiveness of IT project management arrangements with specific focus on internal developments.

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

- There are agreed project management and governance processes in place.
- There are adequate management processes in place in relation to the internal development of technology/digital solutions
- There is adequate security due diligence of internally developed and publicly accessible solutions, including those provided through third-party hosting services

- Post implementation and benefits realisation reviews are performed for all internally developed solutions.

Our audit work was based on a sample of five Council projects:

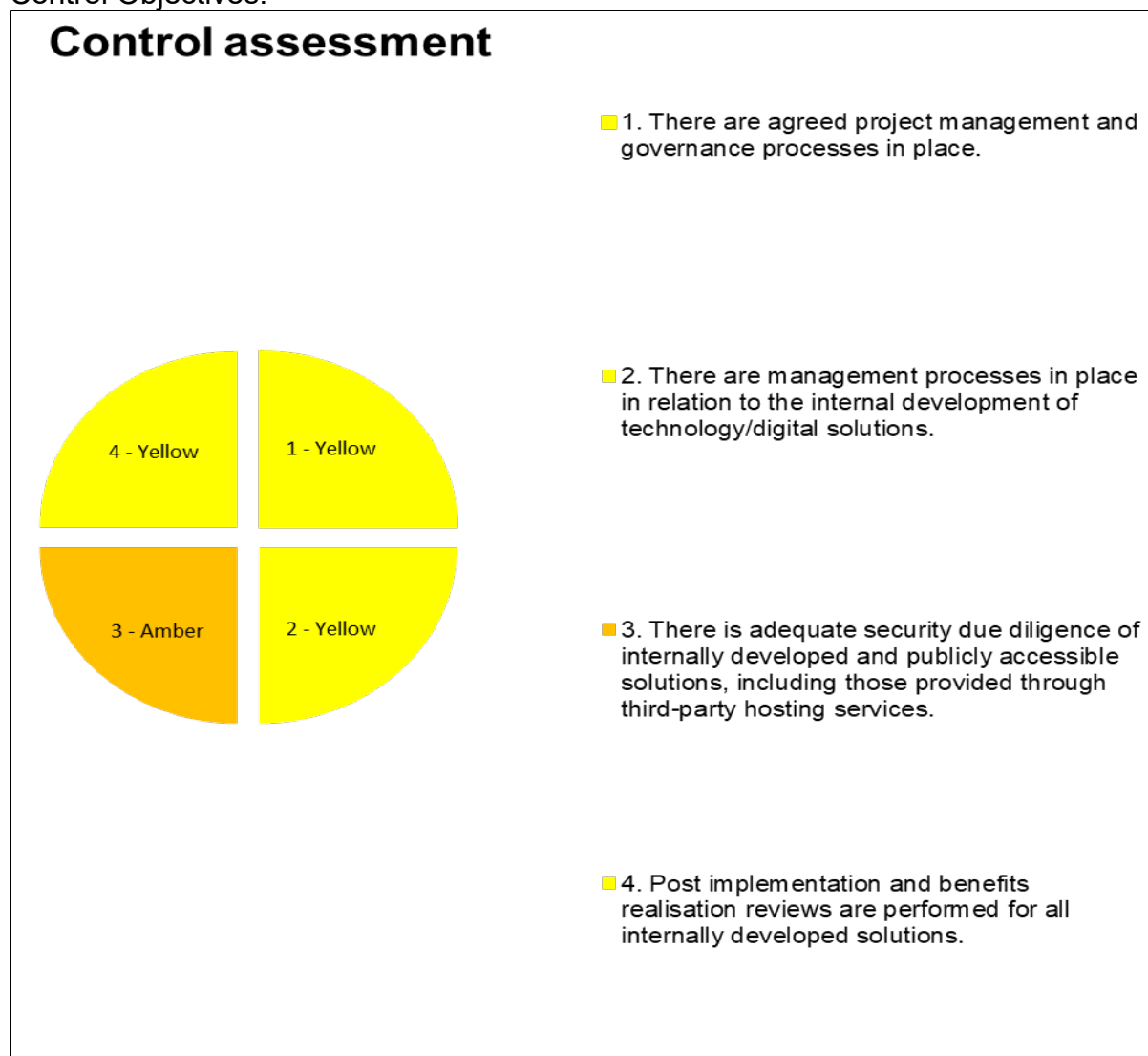
- 'Test & Protect Isolate and Support'
- 'Early Years Application'
- 'Building Standards Pre-Application Enquiry'
- 'iCasework'
- 'Back-up as a Service (BaaS)'

Conclusion

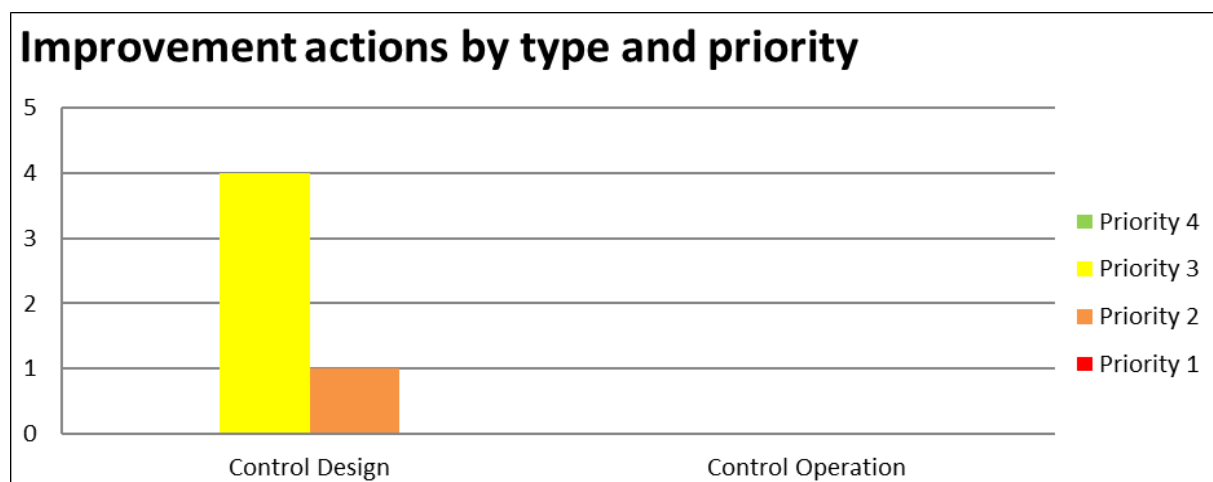
The overall level of assurance given for this report is 'Substantial Assurance'.

Overall assessment of Key Controls

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



Audit Recommendations summarised by Type & Priority



There are five recommendations in this report; one of these relates to the operation of controls, while the remaining four are design control recommendations (one priority 2, and four 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 five recommendations to address high, moderate, and limited risk exposure, covering: one Priority 2 and four Priority 3 recommendations.

Priority 2

- Responsibility and accountability for completion of Data Privacy Impact Assessments (DPIAs) is unclear, leading to these not being routinely considered as part of projects. We identified several projects / developments where there were new or revised instances of personal data processing.

Priority 3

- Formal processes should be implemented to confirm that agreed project/development methodologies are being complied with and applied consistently in practice.
- There is a need for consistency in the documentation of lessons learned. We were able to identify some examples of lessons learned activities being performed.
- Requirements for User Acceptance Testing should be clearly defined and based on factors including complexity, risk, personal data being processed etc.
- Business cases which include benefits cases should be developed for all proposed IT development / project activity.

Wider Learning Points:

- The main issue identified from our audit work related to the completion of Data Privacy Impact Assessments (DPIAs). Service management and wider staff should be reminded of the importance of performing DPIAs wherever there is new processing of personal data and/or changes to existing business processes where personal data is processed.

Organisational Resilience

A consultancy review of Organisational Resilience was included in the audit plan for 2020/21 and carried forward to 2021/22. The delay was caused by the impact of Covid-19. The review was planned as a result of a report to the Change Board in January 2020 by the Manager – Risk, Resilience & Safety, which recommended “... that Internal Audit complete the baseline review and benchmark against the maturity model”. That report referred to the Internal Audit consultancy work on Change Management, Internal Audit Report 18-22.

This is a consultancy review rather than an internal audit review. The review will assess the current level of organisational resilience within the Council against the maturity model BS 16500, ISO 22316 (Attributes for Organisational Resilience) and the Council’s internal Best Value self-assessment to establish baseline information for organisational resilience.

A substantial amount of background work has been done during 2021/22 involving the Service Leader – Internal Audit, the Team Leader – Internal Audit, and the Manager – Risk, Resilience & Safety. Further work has been put on hold as we await Best Value Audit report findings in this regard.

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 32 Internal Audit actions outstanding as at 12 June 2022 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- Table 1 identifies actions which are overdue as at 12 June 2022
- 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 12 June 2022

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
HR, Digital Enablement, IT & Business Support	2020/21	-	2*	-	-	-	2
Grand Total		-	2	-	-	-	2

*Both actions became overdue on 31 May 2022

Internal Audit Actions - In Progress as at 12 June 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	2019/20	1	4	2	-	-	7
	2020/21	-	2	-	1	-	3
	2021/22	-	-	1	-	-	1
Legal & Democratic	2019/20	-	1	-	-	-	1
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
Infrastructure	2019/20	-	-	-	-	-	-
	2020/21	-	1	-	-	-	1
	2021/22	-	-	-	-	-	-
Grand Total		1	8	3	1	-	13

Internal Audit Actions - In Progress as at 12 June 2022
(Not yet reached due date)

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
HR, Digital Enablement, IT & Business Support	2020/21 2021/22	- 3	2 3	1 5	- -	- -	3 11
Vibrant Communities & Sustainable Growth	2020/21 2021/22	- -	- 1	- 2	- -	- -	- 3
Grand Total		3	7	8	-	-	17

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 12 June 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.