

# Angus Council Internal Audit



## Internal Audit Annual Report 2021-2022

23 June 2022

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# Executive Summary - Overall Opinion and Assurances

## Background

1. This report fulfils my annual reporting requirements outlined in the Public Sector Internal Audit Standards (PSIAS). It summarises the conclusions and key findings from the internal audit work undertaken during the year ended 31 March 2022, and up to 12 June 2022 relating to the year ended 31 March 2022.
2. The PSIAS require me to provide the Scrutiny & Audit Committee with assurance on the whole system of internal control. It should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control. My report also provides:
  - assurances to Members of the Council and the Chief Executive in relation to my assessment of, and opinion on, the Corporate Governance arrangements during the year under review
  - assurances to the Director of Finance in relation to internal financial controls to support and inform his duties as s95 Officer
  - performance information in relation to internal audit and
  - the results of the internal audit quality assurance programme
3. My opinions relate solely to the Council and do not include those bodies included in the group accounts.

## Annual Internal Audit Opinion

4. In my professional judgement as Service Leader Internal Audit, notwithstanding the delays caused in completing work due to the ongoing impact of the Covid-19 pandemic, lack of engagement and delays in receiving information from services, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.
5. In my opinion the Council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money.
6. The internal audit work for the year has identified a number of areas of good practice and good internal control. A number of recommendations to improve systems and controls have been made. The more material findings are highlighted later in this report.

7. I have concluded that the Local Code of Corporate Governance is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects.

## Basis of opinion

8. In assessing the level of assurance to be given, I have taken into account:
- All reviews undertaken as part of the 2021-22 internal audit plan and the work of the Counter Fraud Team, including some work in progress that has yet to be fully reported to Committee.
  - Any scope limitations imposed by management. There were no limitations of scope to the audit work conducted in 2021-22.
  - Matters arising from previous reviews and the extent of follow-up action taken.
  - Expectations of senior management, the Council and other stakeholders.
  - The extent to which internal controls address the Council's risk management /control framework.
  - The effect of any significant changes in the Council's objectives or systems.
  - The internal audit coverage achieved to date.
  - Formal assurances received from the Director of Finance (Section 95 Officer) and the Director Legal & Democratic Services (Monitoring Officer).
  - Certification against minimum governance and internal financial control standards received from the Directors and from the Chief Executive.
  - My observations of the work of the Corporate Governance Officers Group (CGOG) in relation to their self-assessment of local code compliance.
  - My observations and knowledge of the Council's approach to recovery and change resulting from the Covid-19 impact.
  - The assessment of risk completed during the preparation of the audit plan.
  - Reports issued by the Council's External Auditors and other review agencies.
  - The approach to the maintenance of governance and the control environment in managing the Covid-19 emergency.
  - My knowledge of the Council's governance, risk management, financial and performance monitoring arrangements, and
  - Audit Scotland's draft Best Value Assurance Report 2022 for the Council, the findings of which are largely positive and highlight that the Council has demonstrated a good pace of improvement since the last Best Value report in 2016. The draft report shows that the Council and its employees are delivering well for the people of Angus even under severe financial constraints and despite the huge challenges brought by the pandemic and severe storms. The draft report also states that the Council has appropriate governance arrangements in place and confirms that the level of scrutiny and challenge is appropriate and supports sound decision-making.

# Internal Audit Role and Structure

## Role of Internal Audit

9. The PSIAS defines Internal Audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

## Structure and Reporting

10. For the year to 31 March 2022 the in-house Internal Audit service was part of the Strategic Policy, Transformation and Public Sector Reform Directorate. The team is supplemented for IT audit expertise through a contract with Azets (formerly called Scott Moncrieff). They were appointed following a tendering exercise in February 2019. The contract is currently being retendered.
11. Throughout the year the audit leads had open access to all members and officers of the Council and operated in accordance with the Internal Audit Charter. The results of all internal audit work are reported to the Scrutiny & Audit Committee. The Committee remit is to provide independent assurance to the full Council of the adequacy of the risk management framework and the internal control environment. The Committee provides independent review of Angus Council’s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
12. Internal Audit undertakes an annual programme of work based on a formal risk assessment process which is revised on an on-going basis to reflect emerging risks and changes within the Council.
13. All internal audit reports are subject to consultation with management for consideration of factual accuracy and recommendations made. It is management’s responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken to implement the agreed action plans. I am required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations if applicable) arising from internal audit work are reported to relevant Service Directors, Depute Chief Executive, the Chief Executive, CLT and the Council’s Scrutiny & Audit Committee.

# Summary of Internal Audit Activity 2021-22

## Scope and Responsibilities

### Management

14. It is the Council's Chief Officers' responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:
- risk management
  - the effectiveness of operations
  - the economic and efficient use of resources
  - compliance with applicable policies, procedures, laws and regulations
  - safeguards against losses, including those arising from fraud, irregularity or corruption
  - the integrity and reliability of information and data

### Internal audit

15. Internal Audit assists management by examining, evaluating and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, Internal Audit should:
- analyse the internal control system and establish a review programme
  - identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner
  - report findings and conclusions and, where appropriate, make recommendations for improvement
  - provide an opinion on the reliability of the controls in the system under review
  - provide an assurance based on the evaluation of the internal control system within the organisation as a whole
16. The main areas of audit conducted in the year, with a summary of the more material findings, supplemented by our review work on discharge of level 1 recommendations, are outlined in the Main Audit Findings section below.

## Planning Process

17. In order to be able to provide an annual assurance statement supporting the Governance Statement, I include all of the Council's activities and systems within the scope of the internal audit reviews.
18. The annual internal audit plan is designed to provide the Scrutiny & Audit Committee and management with assurance that the Council's internal control system is effective in managing the

key risks and value for money is being achieved. The plan is therefore informed by the Council's risk management system and linked to the Corporate Risk Register.




19. The Annual Internal Audit Plan was agreed in consultation with senior management and formally approved by the Scrutiny & Audit Committee in March 2021. The plan can be subject to revision during the year to reflect changes in the Council's risk profile and changing circumstances.
20. We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.

## Cover achieved






21. Council Services' response to Covid-19, and increased levels of staff absence, has continued to impact on the timing of, and time taken to complete, audit reviews. 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. These 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.
22. Although some planned audit work has not been completed, all the remaining work in the main part of the 2021/22 audit plan is in progress, some at an advanced stage, and, taking into account the conclusions from work done this year, including alternative sources of assurance, and previous years' results, I have concluded that I can provide an annual opinion without any limitation of scope.
23. At 12 June 2022 a significant number of projects from the revised 2021/22 plan have been delivered. In March 2021 the internal audit plan for 2021/22 was agreed, including the majority of the items still remaining in the audit pool from 2020/21 plan. The tables following paragraph 26 show the position for all projects from the pool that have been started during the year or removed from the pool. Where work in progress has not yet been reported, the findings to date have been taken into account in my overall conclusion.
24. In addition, my overview of the Council's response to the pandemic throughout 2021/22 has continued to provide good positive assurance about our disaster recovery planning in practice, managers' awareness of the need to maintain good governance in change, and risk management arrangements. There are good examples of innovations, partnership working, new business processes and solutions, and new technology being embraced in order to deliver services to the community in the Council's role as a Category 1 responder to carry out the following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. There has been ongoing management review of Covid-19 driven arrangements throughout 2021-22 with action taken to make further change when required.





## Main Audit Findings

25. The majority of control objectives were assessed as having been achieved, with a number of areas of good practice noted. Where necessary actions were agreed to improve the control environment or tighten up the operation of the existing controls.
26. A variety of audit reports in both financial and non-financial areas have been issued during 2021-22, including for some work that was in progress in June 2021. All were considered by the Scrutiny and Audit Committee. In the following table the \* under level 4 actions denotes that the service has its own action plan in place covering the areas reviewed in the audit or our consultancy work resulted in an action plan being prepared by the service. Definitions of overall control assurance are provided in Appendix B.

Audits	WIP status	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
				1	2	3	4
<b>Corporate Governance</b>							
Corporate Governance annual review – 2019-20	Complete	N/A	N/A	-	-	-	*
Annual Assurance re IJB	Complete	N/A	N/A	-	-	-	-
<b>Financial Governance</b>							
Council Tax	Complete	Comprehensive		-	-	-	2
Non-domestic rates system	Complete	Comprehensive		-	-	-	*
Housing arrears	Complete	Substantial		-	1	2	-



Audits	WIP status	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Payroll continuous auditing Complete April 2021 – March 2022	Complete	Comprehensive		-	-	-	-
Creditors continuous auditing Complete April – March 2022	Complete	Substantial		-	-	-	-
<b>IT Governance</b>							
I-Pay follow-up	Complete	N/A Consultancy project	N/A	-	-	-	*
IT User Access Administration – IDOX	Complete	Limited		3	2	1	-
IT project management	Complete	Substantial		-	1	4	-
Continuous auditing – System access Never logged on: To Feb. 2022	Complete	N/A	N/A	-	-	-	-
Not logged on in last 21 days: To Feb. 2022	Complete	N/A	N/A	-	-	-	-
<b>Internal Control</b>							
On-line Recruitment / New Start process (2 actions out-with scope of audit)	Complete	Substantial		-	6	4	1

Audits	WIP status	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Protection of vulnerable groups	Complete	Substantial		-	-	3	-
<b>Asset Management</b>							
Review of Roads Maintenance	Complete	Substantial		-	-	1	-
Housing improvements – capital projects	Complete	Comprehensive		-	-	-	-
<b>Legislative and other compliance</b>							
LEADER	Complete	Substantial		-	-	-	*
<b>Other</b>							
Review of Audit Scotland's publications on Fraud and Irregularity 2018/19, final item - Use of council vehicles	Complete	N/A	N/A	-	-	1	-
Review of Audit Scotland's Fraud & Irregularity 2020/21 report.	Complete	N/A	N/A	-	-	-	-

The following audits are planned, in progress but on hold due to impact of Covid 19, have been moved to the audit pool, or are in progress but incomplete on 12 June 2022. The fact that these are not complete has not impacted on my ability to provide an opinion for 2021/22. The findings have been taken into consideration in forming the opinion and although there are some significant issues to be addressed none is sufficient to alter my opinion.

Audits	WIP status
Procurement Reform (Scotland) Act 2014 (B/F from 2018/19 plan)	Moved to 2022/23 plan. Draft report was issued but not finalised due to Covid-19 impact on resource capacity. A full service review is in progress therefore have agreed to re-define scope and audit in 2022/23.
Participatory budgeting	Moved to 2022/23 plan. Delays to audit due to Covid-19 impact.
Finance Service capacity review (consultancy)	Postponed and returned to Audit Pool.
Risk Management	Moved to 2022/23 plan due to changes in timing of service risk register implementation.
Fostering, adoption and kinship allowances	Audit in progress
Review of GDPR Compliance – Business Support	Audit in progress – delayed at request of service.
Organisational Resilience	Audit in progress – substantial amount of background work has been done. Awaiting Best Value Audit report findings to allow this to be finalised.
Adults with Incapacity follow-up	Audit in progress
Procurement – Tendering Exemptions	Draft report issued and under review.
End User Computing	Draft report issued and under review.
Corporate Parenting	Audit in progress
Business Support review	Draft report under review

27. One area was assessed in 2021/22 as providing “Limited” or “No Assurance” that controls were adequate – IT User Access Administration (IDOX). The “Limited” opinion results from there being an absence of controls in place for user access and account management, no system administration and user operating procedures, and no process in place to monitor user activity in the system. Actions to address the weaknesses identified have been agreed and their

implementation will be monitored. Good progress has been made in addressing the action plans agreed to deal with areas assessed as having limited assurance in previous years. There are six outstanding actions from previously reported areas with limited assurance. Five of these actions are from audit report 20-13 IT Interfaces. The target dates for completion of these are 31 May and 30 June 2022. One action from audit report 19-02 Cash Handling has a revised completion date of 31 March 2023 – this action could not be addressed until all offices are open and functioning as normal following the pandemic.

28. Internal Audit also contributed to the 2021-22 internal audit work for the Angus Integration Joint Board (IJB) and ANGUSALive as part of the agreements of shared or support services. A draft report has been prepared for our work on IJB Commissioned Services and is currently under review. The IJB audit service is led by the Chief Internal Auditor of NHS Tayside. Two pieces of work have been completed and reported for ANGUSALive, the other remaining audit is currently in progress.

## Discharge of Audit Recommendations

29. As part of the annual audit work, the discharge of recommendations from Internal Audit and Counter Fraud work is reviewed. Reasonable progress is being made in implementing agreed actions.
30. Services monitor their recommendations through Pentana. During the year we reviewed the progress of implementation of recommendations in some detail, reporting to the Council Management Team and the Scrutiny & Audit Committee.
31. Although the number of outstanding actions fluctuates, the proportion of outstanding internal audit actions which with overdue or extended due dates is significantly lower than last year at 47% compared to 85% in June 2021 – this is more in line with previous years (60% in June 2020 and 62% in June 2019). There is currently only one outstanding Counter Fraud action, which has exceeded the initial due date (2019/20).
32. All services have continued to take steps to address their outstanding recommendations, with a good number of older actions being completed during the year.
33. Last year there were four Priority 1 actions outstanding as of 20 May 2021; none was overdue. This year one of these remains outstanding, with a revised completion date of 30 June 2022. Three new level 1 actions have been agreed this year and are due for completion at the end of July, September and October 2022.
34. We will continue to review implementation of recommendations as part of our 2022-23 follow up work.

## Corporate Governance

35. The Council has a Local Code of Corporate Governance which is kept under review and is updated to reflect recognised best practice in corporate governance.
36. Compliance with the code is assessed on behalf of the Chief Executive on an annual basis by an officer working group on Corporate Governance. The outcome is reported to the Chief Executive and Scrutiny & Audit committee in June each year.
37. I have concluded that the Local Code is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects. Positive continuous improvement in arrangements has taken place during 2021/22, to address the items in the corporate governance action plan, but also to improve performance management information and risk management.
38. Our audit work identified:
  - A small number of areas of non-compliance with the core internal financial controls within individual directorates.
  - Oversight of Angus Alive, the IJB, and Tayside Contracts continued to provide good oversight during 2021/22.
  - The Council plan is aligned with the change programme and the budget. Significant review has taken place during the year to ensure the impact of Covid-19 has been recognised as fully as possible.
  - The review of governance arrangements in relation to the Council's Standing Orders, the Order of Reference of Committees and the Scheme of Delegation to Officer which began during 2020/21 has been delayed, and the Director of Legal & Democratic Services received approval in February 2022 to put this work on hold until after the May 2022 Elections; a report is to be put forward in due course setting out the new timeline.
  - Governance changes to address the Covid-19 impact at both officer and member levels were well planned, proportionate, and reviewed and amended appropriately throughout the year.
  - Covid-19 recovery work is ongoing at both a strategic and operational level. Officers are working to ensure that these are linked, and that recovery is also linked to on-going activity within services and at a corporate level, e.g., through the Change Programme.
  - Improvements to performance management arrangements have continued to be rolled out during 2021/22 through the PLED (performance led) work and increasing use of Pentana to manage actions and other performance data.

## Risk Management

39. Risk management arrangements are working well at a corporate level to share and integrate risk priorities across the Council whilst supporting services to be more accountable and responsible for all aspects of risk underpinning their business objectives. The Corporate Risk Register is being

regularly reviewed, with evidence of risk escalation to corporate level. Risk management training has been rolled out to all services to aid development of Service Risk Registers.

40. The most recent External Quality Assessment (EQA) of our internal audit work identified that risk management arrangements in the Council need to be fully rolled out and embedded to allow the risk management arrangements to fully inform audit planning in future. Regular Risk Management reporting to Scrutiny & Audit committee was restarted in January 2021 and has continued thereafter every six months as required by the Risk Management Strategy. In addition, the Scrutiny and Audit Committee of 24 August 2021 agreed a programme to bring one individual detailed risk presentation to each Scrutiny & Audit Committee meeting, except the June meeting which has a full agenda due to year-end reporting. Report 256/21 refers. An updated programme of detailed risk presentations for 2022/23 is outlined in a separate report to this Committee.
41. The two-yearly review of the Council's Risk Management Strategy commenced in March 2021 but was put on hold due to COVID impacting on availability of resources. Work has restarted and is due to be completed by the end of 2022. The Corporate Risk Appetite framework is still under development and will be taken forward with new elected members; the timescale for completion of this work is 31 December 2022. Development of Service Risk Registers has progressed substantially, and these will be uploaded to Pentana once finalised. There is evidence of risk being formally reviewed and escalated when required.

## Performance & Quality Assurance

### Performance & Quality Assurance

42. Quality assurance arrangements within the Internal Audit section are contained within the Audit Manual and encompass a robust day to day quality system and file review process.
43. Internal Audit Performance indicators are:
  - **CIPFA Directors of Finance Section efficiency indicator** shows the section discharged 100% of planned productive hours, compared with 92% in the previous year. The lower figure in 2020/21 was primarily due to a substantial number of hours lost to audit through redeployment of a member of staff to the Council Emergency Centre.
  - **Conformance with the Public Sector Internal Audit Standards.** Annual self-assessment against the standards, and an External Quality Assessment (EQA) at least every five years are required. The most recent EQA identified a number of good practices and confirmed that the internal audit function conforms with the PSIAS. The annual self-assessment undertaken during March/April 2022 confirmed the internal audit service conforms with PSIAS.
  - **The Counter Fraud Team compliance with CIPFA Code of Practice on Managing the Risk of Fraud and Corruption** in discharging their duties. A separate annual report (160/22), including an assessment of activity against the guidance, is presented to the same Scrutiny & Audit Committee as this annual report.
  - **Compliance with CIPFA's Statement on the Role of the Head of Internal Audit in Public Service organisations.** Self-assessment against this guidance in April 2022

confirms compliance with requirements for both the Head of Internal Audit and the Council during 2021/22.

44. During 2021-22 the main improvements made to the service related to continuing development of mapping available assurances to inform audit planning. This will continue in 2022 for 2023/24 planning. We are also developing a questionnaire to gather information from auditees to inform and improve how we work with them.
45. The work of the Internal Audit function is reviewed by External Audit as part of their annual audit. The purpose of this review is to ensure that the Internal Audit section performs to professional standards in the conduct of audit work in order that External Audit can place reliance on it. In their 2021-22 planning document Audit Scotland, the Council's external auditor, reported that they had carried out their assessment of the internal audit service and that they plan to take account of our reports in their wider dimension audit work.

## Internal Audit Resources

46. The FTE mix of staff is shown in the table below. This was the same in both 2021/22 and 2020/21.

<b>Period</b> <b>April 2021 to</b> <b>March 2022</b>	<b>Council</b> <b>Staff</b> <b>Internal</b> <b>Audit</b>	<b>Council</b> <b>Staff</b> <b>Counter</b> <b>Fraud</b>	<b>Out-Sourced</b> <b>IT support</b>	<b>Service</b> <b>leader</b>	<b>Total</b>
	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
Permanent establishment	3.6	2.3	0.13	1	7.03
Temporary establishment (To become permanent in 2022/23)		1			1
<b>Total</b>	<b>3.6</b>	<b>3.3</b>	<b>0.13</b>	<b>1</b>	<b>8.03</b>

47. During 2021/22 we continued to have one member of the Internal Audit team redeployed intermittently to the Council Emergency Team (CEC). A total of 37 days were involved. In 2020/21 two members of the team were redeployed to the CEC resulting in a total loss of 42 days to Counter Fraud work and 168 days to Internal Audit work. This impacted significantly on completion of the 2020/21 planned work but has been more manageable in 2021/22.
48. The Change Fund funded the additional temporary Fraud Officer during 2021/22. The post was made permanent for 2022/23 in March 2022. The creation of this post is primarily to enhance proactive counter fraud activity.

49. I am content that the resources available are sufficient to allow me to discharge my responsibilities as the Council's Chief Audit Executive as described in the PSIAS and other relevant guidance.

## Independence











50. I confirm that the staff members involved in each 2021-22 internal audit review were independent of the area under review and their objectivity was not compromised in any way.














# Appendix A Summary of Internal – Quality Assurance Assessment

Public Sector Internal Audit Standards require disclosure of the outcome of our regular internal and external quality assessments. The tables below summarise the outcome of the internal quality assessment undertaken during 2021/22, and an update on the action plan arising from the External Quality Assessment (EQA) undertaken in 2020 and reported to S&A in January 2021.

## SUMMARY OF CONFORMANCE WITH THE PSIAS – Appendix A

Reference	Assessment Area	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A	Definition of Internal Auditing				
Section B	Code of Ethics				
Section C	Attribute Standards				
1000	Purpose, Authority and Responsibility				
1100	Independence and Objectivity				
1200	Proficiency and Due Professional Care				
1300	Quality Assurance and Improvement Programme				

Reference	Assessment Area	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
<b>Section D</b>	<b>Performance Standards</b>				
2000	Managing the Internal Audit Activity				
2100	Nature of Work				
2200	Engagement Planning				
2300	Performing the Engagement				
2400	Communicating Results				
2500	Monitoring Progress				
2600	Communicating the Acceptance of Risks				

### 3. ACTION PLAN

Ref.No.	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
3.1 EQA	The work started to show sources of assurance relating to each of the Council's objectives and each item featuring on the Corporate Risk Register should be completed.	2	<p>Work is underway to link further development of assurance mapping with risk recording in Pentana. Our aim is to have this completed for the Internal Audit planning cycle for the 2022/23 audit plan.</p> <p><b>Update June 2022</b></p> <p>Following some development work, it was identified that using Pentana was not the best way to manage assurance mapping. Significant work was undertaken in October/November 2021 to merge the previous Audit Universe and Assurance Map Excel spreadsheets. These were shared and discussed with all Directors during the planning for the 2022/23 audit. Infrastructure, SPT&amp;PSR, and ELL directorates all undertook more detailed work on the combined Universe/Assurance Map and guidance for assessing assurance was developed. The mapping will be expanded further in the 2023/24 planning process, with a view to presenting assurance mapping information with the annual plan in future years.</p>	Service Leader- Internal Audit	<p>January 2022</p> <p>Revised date March 2023</p>

Ref.No.	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
3.2 EQA	<p>The work identified as needed to improve organisational management of risk should be completed.</p> <p>Reporting of risk to the Scrutiny and Audit Committee should be increased to include an overall assessment of the corporate risk profile, and presentations by service leaders of risk within areas for which they are responsible.</p>	2	<p>The action plan to implement the Risk Strategy approved in November 2019 has been on hold due to Covid-19 response activity, but plans are in progress to undertake the remaining work during 2021.</p> <p><b>Update June 2022</b></p> <p>Service risk registers have progressed substantially and will be uploaded to Pentana once finalised.</p> <p>Six-monthly reporting to Scrutiny and Audit Committee required by the approved policy will recommence in January 2021. Further information relating to information to be presented to the Scrutiny &amp; Audit committee to be discussed at meeting on 26 January 2021.</p> <p><b>Update June 2022</b></p> <p>Six-monthly reporting reinstated January 2021</p> <p>Programme of detailed risk reporting agreed August 2021 and delivered to S&amp;A between August 2021 and March 2022. New program presented to Committee June 2022.</p>	<p>Director-Strategic Policy, Transformation and Public Sector Reform.</p> <p>Chair of Scrutiny and Audit Committee</p>	<p>December 2021</p> <p>December 2021 <b>Complete</b></p>

Ref.No.	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
2021/22 self-assessment	Reinstate post-audit questionnaire to obtain feedback from services	3	This was put on hold some time ago due to issues with using Survey Monkey and had not been reinstated. New version is being developed and will use MS Forms.	Service Leader Internal Audit	31 August 2022

**Key to Grading of Recommendations**

Priority: 1 – Critical, 2 – Requires addressing, 3 – Good Practice, 4 – Value for Money

## Appendix B – 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. <b>Very high risk exposure.</b>
2	Recommendation concerning absence or non-compliance with key control which creates significant risks within the organisation. Substantial weakness identified. Prompt management action required. <b>High risk exposure.</b>
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. <b>Moderate risk exposure.</b>
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. <b>Limited risk exposure.</b>