

AGENDA ITEM NO 4

REPORT NO 351/22

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 27 OCTOBER 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; the internal audit plan for the IJB, agreed at their Audit Committee in June; an update on recent Cipfa publications that impact on Internal Audit and the work of the Scrutiny and Audit Committee; and confirmation that the Audit Charter requires no revision.

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 the IJB audit plan for 2022/23 (Appendix 1).
- (iii) note management's progress in implementing internal audit and counter fraud recommendations (Appendix 1).
- (iv) note the update on recent relevant publications from Cipfa, and that further information on these will come to this Committee in future as required.
- (v) note that there has been no change in the guidance relating to the Audit Charter and therefore no update is required at this time.

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

Current position

3.5 The latest results are included in the Update Report at **Appendix 1** and summarised in section 4 below.

3.6 Three of the eight audits from 2021/22 that were incomplete at June 2022 remain in progress. Further progress has been made with each of them and we expect to report two in November and one in January 2023. All 2021/22 work is now complete for ANGUSalve and the IJB.

3.7 In addition to the secondment of one full time member of the audit team reported in August (report 202/22 refers) the following changes to resources have also been agreed:





- Policy & Resources Committee on 30 August approved a direct award to procure up to 30 additional days of general audit support to mitigate the secondment of the auditor noted above,
- The Senior Counter Fraud Officer also holds a post in Finance, working full-time between the two posts. It has been agreed that they will work an additional half day in Finance and therefore half a day less in counter fraud for a period from September 2022 to August 2023. A part time member of the team has agreed to increase their hours to compensate for this.
- Following a request for assistance from Dundee City Council it has been agreed that the Service Leader Internal Audit will be seconded to Dundee City Council to undertake the Head of Audit role there for 2 days a week. I am content that the arrangements we are putting in place will be sufficient to ensure compliance with PSIAS and to enable me to provide the annual audit opinion in June 2023. These arrangements include that the Team Leader Internal Audit will act up for an average of a day a week, and that some work currently undertaken by both post holders will stop or be delayed. The arrangement will be regularly reviewed, with a full-scale review to be undertaken in a year's time.

3.8 The review of the plan for 2022/23 reported separately to this October Scrutiny & Audit meeting takes account of these resource implications.

4. SUMMARY OF OCTOBER 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
Review of GDPR compliance (Business Support)	Substantial		-	2	1	-
Fostering, adoption and kinship allowances	Comprehensive		-	-	-	2
Corporate parenting	Comprehensive		-	-	1	1
Business support review	N/A consultancy	N/A consultancy	2	-	-	-
Creditors continuous auditing Duplicate Payments Complete April 2022 – August 2022	Substantial		-	-	-	-
Continuous auditing systems access	N/A	N/A	-	-	-	-

5. AUDIT-RELATED CIPFA PUBLICATIONS

5.1 Cipfa has recently published two documents that impact on the work of the Scrutiny and Audit Committee and Internal Audit. These are:

- [Support-for-audit-committees Position Statement](#)
- [Internal audit: untapped potential.](#)

Support for Audit Committees Position Statement

5.2 This statement is about the way in which scrutiny and audit committees in local government should operate.

- 5.3 The detailed guidance in support of the statement was published at the start of September 2022. This has still to be reviewed and considered fully by officers and a report on the implications for the current committee will be brought to a future meeting.
- 5.4 The guidance builds on previous guidance issued in 2018 which the Scrutiny and Audit Committee comply with, and which has been used to undertake the annual self-assessment review of the operation of the committee. This was last undertaken in March 2022, reported for agreement at Scrutiny and Audit Committee in June 2022 in Report 161/22 and reported to Council in September 2022 in Report 311/22.
- 5.5 The key messages from the Position Statement document that could impact on how the Scrutiny and Audit Committee operates relate to distinction in operation between the scrutiny and audit functions, outside support to Members for specific technical skills and knowledge and reporting to the committee.

Internal Audit Untapped Potential

- 5.6 The report concluded “ things need to change”:-
- Successful organisations need to have robust and effective management and governance, including an understanding of assurance. Improving this understanding will enable the most effective use of internal audit
 - Internal audit is often not allowed to unleash its full potential. The importance of its contribution must be fully understood and appreciated by clients – management and audit committees. Internal audit managers must become greater advocates in promoting the function within organisations.
 - Internal audit must be kept independent to achieve its maximum impact in an organisation. Auditors frequently take on additional roles, which may compromise their independence. They must have a sole focus and a direct reporting line to the leadership team as required by the Public Sector Internal Audit Standards (PSIAS).
 - Discussions on public sector policy issues, be they social care, financial resilience, or technological change, should acknowledge the importance of assurance and highlight internal audit’s contribution. This would help raise the expectations of internal audit’s clients.”
- 5.5 My initial review of the report has identified that we currently comply with a significant amount of the good practice and recommendations made in the report. There are also some areas to be considered further and actions required by Internal Audit and in the wider governance arrangements of the Council. The report also notes further guidance that will be published in due course e.g., around assurance and revised Public Sector Internal Audit Standards (PSIAS).
- 5.6 The recommendations in this report will be considered alongside the guidance for the operation of scrutiny and audit oversight noted above and further information on required actions will be reported to a future meeting. The impact of further guidance will be considered and reported to the Committee as it is published.

6. AUDIT CHARTER

- 6.1 The Audit Charter was updated in September 2021 to address minor changes. The charter agreed at the meeting on 23 September 2021 ([Report 295/21](#) refers) remains consistent with previously released guidance and no further change is required now. Following full review of the Cipfa guidance discussed in section 5, further change will be made if required.

7. FINANCIAL IMPLICATIONS

There are no direct financial implications from this report.

8. EQUALITY IMPACT ASSESSMENT

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

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

27 October 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.....	6
DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES	24

INTRODUCTION

This report presents the progress of Internal Audit activity within the Council from June 2022 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 2022. The fixed portion of the audit plan agreed in March 2022 is only included where work is already underway.

As previously reported eight audits from 2021/22 were in progress, but incomplete at June 2022. Further progress has been made, with three more of these audits complete and reported below.

Work on audits for the IJB and Angus Alive have also been completed.

Planning is underway for several of the 2022/23 audits.

There are a number of secondments from the Internal Audit team that impact on resources from August 2022 through to October 2023. These are:



- One FTE auditor seconded out of the service from August 2022 till 31 January 2023
- The Senior Counter Fraud Officer seconded to Finance for half a day per week from September 2022 until August 2023
- The Service Leader Internal Audit seconded to Dundee City Council for 2 days per week from October 2022 for one year.



This impacts on the resources available for Internal Audit and Counter Fraud and mitigating actions have been taken to address risks around the service remaining compliant with PSIAS and the Service Leader's annual opinion being provided in June 2023. The Service Leader is satisfied that the following mitigating actions are sufficient to address the risks at this time. The position will be kept under review and any issues arising will be reported when necessary to the Scrutiny and Audit committee.


- Part-time staff have increased their hours
- Policy & Resources Committee has approved procurement of 30 additional general audit support days from a third party
- The Team Leader Internal Audit will undertake some aspects of the Service Leader role
- The plan for 2022/23 has been reviewed and Report 352/22 on the impact is being brought to this meeting, and
- Adding an Institute of Internal Audit (IIA) trainee to the Internal Audit team is being explored.

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

Progress with Internal Audit Work post June 2022

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Corporate Governance					
Corporate Governance annual review – 2021-22	June 2022	Complete	N/A	N/A	23 June 2022 (Report 157/22)
Review of GDPR compliance (Business Support) (2021/22 plan)	May 2022	Report agreed, awaiting action plan	Substantial		Oct. 2022
Project Management	TBC	Not started			<i>TBC</i>
Review of GDPR compliance (Education & Lifelong Learning)	October 2022	Planned			<i>Jan. 2023</i>
Financial Governance					
Payroll continuous auditing April 2022 and outstanding queries from October 2021 to March 2022	On-going	In Progress, awaiting information	N/A	N/A	<i>Nov 2022</i>
Creditors continuous auditing Duplicate Payments April – June 2022 July -August 2022	On-going	Complete	Substantial		Aug. 2022 Oct 2022
Same person registration and authorisation		Awaiting information			
External Placements (Children)	Feb./Mar. 2023	Not started			<i>June 2023</i>
Comfort Funds	Oct./Nov. 2022	In progress			<i>Jan. 2023</i>
Programme of random cash counts	Throughout the year	In progress			Throughout the year
LEADER - Rural Funding	TBC	Not started			<i>TBC</i>

IT Governance					
End User Computing (2021/22 plan)	Feb/March 2022	Draft report issued			Nov 2022
IT User Access Administration SEEMIS	TBC	Not started			TBC
Digital Strategy and Governance	TBC	Not started			TBC
Cyber security	TBC	Not started			TBC
Continuous auditing – System access					
Never logged on March 2022 to 18 July 2022	Ongoing	Complete	N/A	N/A	Oct. 2022
Not logged on in last 21 days To 18 July 2022	Ongoing	Complete	N/A	N/A	Oct. 2022
Internal Controls					
Procurement – Exemptions from Tendering process (2021/22 plan)	August 2021	Complete	Limited		Aug. 2022
Fostering, adoption and kinship allowances (2021/22 plan)	May 2022	Complete	Comprehensive		Oct. 2022
Adults with incapacity follow-up (2021/22 plan)	Mar./April 2022	In progress Awaiting information			Nov. 2022
PDR Appraisal System	Jan. 2023	Not started			March 2023
Mandatory E-Learning Courses	April 2023	Not started			June 2023
Procurement	N/A	Proposed removal October 2022	N/A	N/A	N/A
Asset Management					
IT Asset Hardware Inventory	Dec. 2022	Planned			March 2023
Surplus Assets	Feb. 2023	Not started			April 2023

Legislative and other compliance					
Corporate parenting (2021/22 plan)	Mar. – May 2022	Complete	Comprehensive		Oct. 2022
Equalities Impact Assessments & Fairer Scotland Duties	Jan. 2023	Not started			<i>April 2023</i>
Private Water Supplies Testing	Nov./Dec. 2022	Planned			<i>March 2023</i>
Participatory Budgeting	Oct./Nov. 2022	Planning			<i>Jan. 2023</i>
Consultancy and Advice					
Organisational resilience (2021/22 plan)	Oct. 2021	To be resumed – previously paused awaiting Best Value report	N/A	N/A	<i>Jan 2023</i>
Business support review (2021/22 plan)	Dec 2021/Jan 2022	Complete	N/A	N/A	Oct. 2022
Ignite Consultant – Service Design	N/A	Proposed removal October 2022	N/A	N/A	N/A
Firmstep – Post implementation Review of Project Development	TBC	Not started			<i>TBC</i>
Health & Safety	TBC	Planning			<i>TBC</i>

Angus Alive and Angus Health & Social Care IJB

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

Plans for 2021/22 were agreed at the Angusalive Finance & Audit Sub-committee on 9 April 2021. All work for 2021/22 has been completed and reported. The 2022/23 plan was agreed on 25 March 2022 and the first audit is currently in progress.

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 was responsible for carrying out the Commissioned Services review which has now been finalised and will be reported to

the next IJB Audit Committee by the IJB internal auditor, Tony Gaskin from FTF Audit Services.





The plan for 2022/23 was agreed by the IJB Audit Committee in June 2022. The following table shows the plan as presented in the [IJB Report 49/22](#)

Ref	Audit	Indicative Scope	Days	Target Audit Committee
AN01-23	Audit Planning	Agreeing audit universe and preparation of strategic plan.	2	June 2022
AN02-23	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	5	Ongoing
AN03-23	Annual Internal Audit Report (2021/22)	CIA annual assurance statement to the IJB and review of governance self-assessment.	8	June 2022
AN04-23	Workforce	Related risk: SR08. Workforce Optimisation <i>Bringing together partnership staffing to improve outcomes, efficiency and reduce duplication.</i> Scope: coherent, co-ordinated, adequate and effective approach to managing significant workforce risks. Strategic & operational responses across the totality of the workforce, including contracted services and 3 rd sector	15	December 2022
AN05-23	Finance	Related risk: SR03. Financial Management <i>Noting long term financial forecasts, to maintain good quality financial management and to ensure the best use of all available resources.</i> Scope: Financial monitoring and reporting is complete, relevant, sufficient and reliable; Validation of Self Assessment against CIPFA Chief Financial Officer Checklist	10	April 2023

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
Review of GDPR compliance (Business Support)	Substantial		-	2	1	-
Fostering, adoption and kinship allowances	Comprehensive		-	-	-	2
Corporate parenting	Comprehensive		-	-	1	1
Business support review	N/A consultancy	N/A	2	-	-	-
Creditors continuous auditing Duplicate Payments April 2022 – August 2022	Substantial		-	-	-	-
Systems access continuous auditing	N/A	N/A	-	-	-	-

GDPR Compliance – Business Support

Introduction

As part of the 2021/22 annual plan, Internal Audit has completed a review of the processes and controls in place for GDPR compliance in Business Support.

The factual accuracy of this report has been confirmed with Sharon Faulkner, Director of HR, Digital Enablement, IT and Business Support; Duncan Lean, Manager – Business Support; Claire Gherxi and Laura Sutherland, Team Leaders, Business Support; and Angela Dunlop, Team Leader – Information Governance, Legal & Democratic. The co-operation and assistance given by all members of staff in the course of the audit is gratefully acknowledged.

Background & Scope

The General Data Protection Regulation and Data Protection Act 2018 replaced the Data Protection Act 1998. The Regulation and Act regulate the way the Council handles and processes personal data that we hold. Breaching the rules around data protection can incur substantial fines and may lead to criminal proceedings.

The GDPR and the 2018 Act brought in new rules which mean:

- Enhanced rights for individuals are introduced e.g. right to erasure
- New documenting procedures – we will have to be much more open with our customers about what we do with their information. The most common and practicable way to do this is by way of a Privacy Notice; guidance on preparing Privacy Notices in compliance with GDPR is on the Council's Intranet
- We need to perform risk assessments before sharing information or introducing new systems/processes (Data Protection Impact Assessments)
- We will need to ensure that we only use the minimum amount of information to get the job done
- We need to make sure the information we use is accurate
- Strengthening our rules for deleting and removing data
- Notifying the Information Commissioner's Office of certain breaches within 72 hours (increased fines now apply for breaches)
- Dealing with Subject Access Requests within one calendar month
- Appointing a Data Protection Officer with responsibility for compliance

The UK GDPR applies to “controllers” and “processors” of personal data. A controller determines the purposes and means of processing personal data. A processor is responsible for processing personal data on behalf of a controller. The Council is both a controller and processor of personal data.

This audit forms part of an annual cycle of GDPR Compliance audits focussing on a specific service each year.

The overall objective of the audit assignment is to provide assurance that there are adequate control arrangements in place to help ensure that Business Support meet their GDPR obligations.

The specific Control Objectives of the audit are to ensure that:

- All staff have completed the mandatory e-learning and are aware of where to access further guidance on their GDPR obligations
- An Information Officer (IO) has been appointed for the service, has received appropriate training for the role, staff are aware of who this officer is and how and when to contact them
- An Information Asset Register is held for the service and is kept up to date
- Data Protection Impact Assessments (DPIA) are completed as required
- Personal data is only kept as required and for as long as necessary in line with retention guidelines. Personal data is held securely, and access is controlled and restricted to essential personnel.
- Record Retention Schedules are maintained, and routine checks are undertaken to ensure personal data is deleted/destroyed when no longer required.
- Data breaches are reported to the Information Officer and the Information Governance Team, and onward to the ICO if appropriate. Advice given and recommendations made following a breach are implemented promptly and shared across the service to prevent any recurrence.
- Information collated for Covid 19 Test and Protect requirements, in relation to visitors entering Council offices staffed by Business Support, is recorded correctly, held securely and disposed of properly within 21 days.

We interviewed senior staff in Business Support and issued a questionnaire (see Appendix 1) to a sample of staff in the different areas of Business Support, where necessary we followed this up and asked for evidence of their answers. We reviewed this information against an internally generated risk and control matrix based on the above control objectives, and the findings were documented.

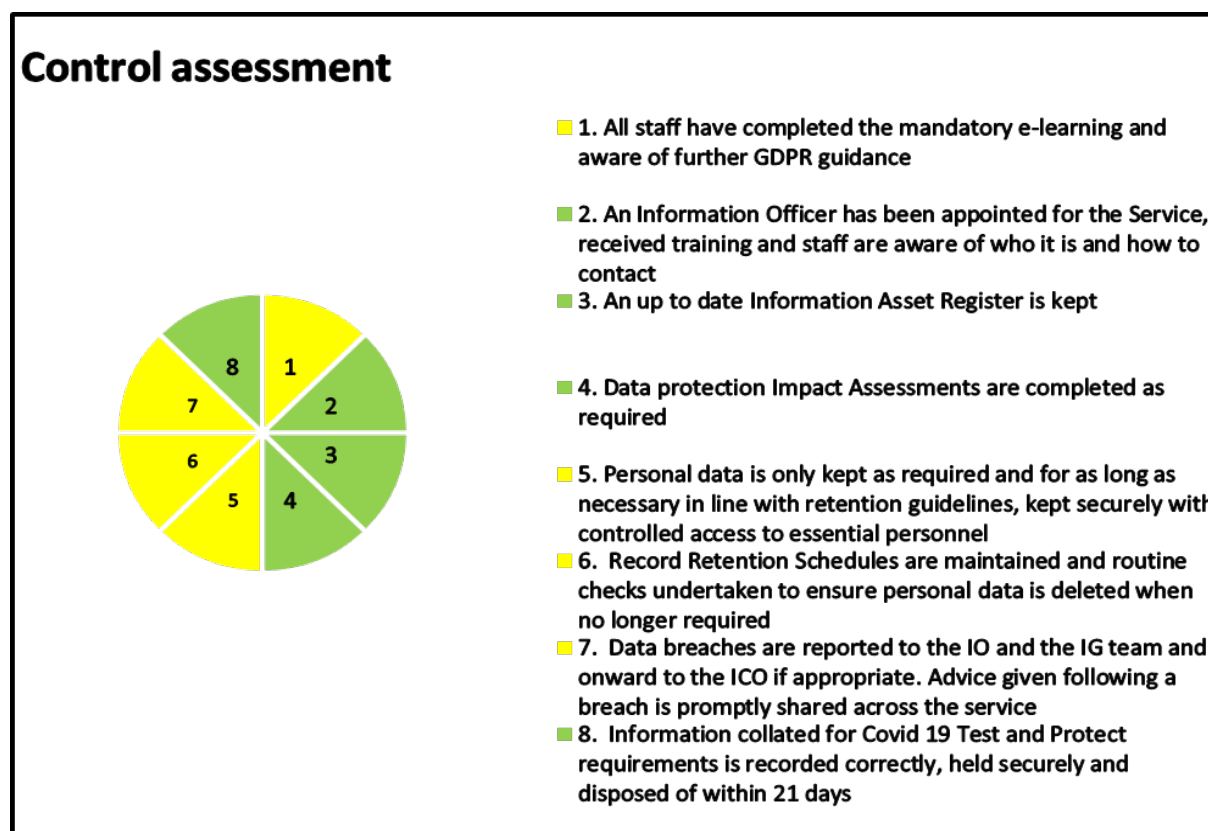
We took a sample of 15 staff covering the areas of Business Support Team 1, Team 2, Team 3, Team 4, Contact Centre Team and Processing and Governance. The samples covered different levels and job titles in these teams.

Conclusion

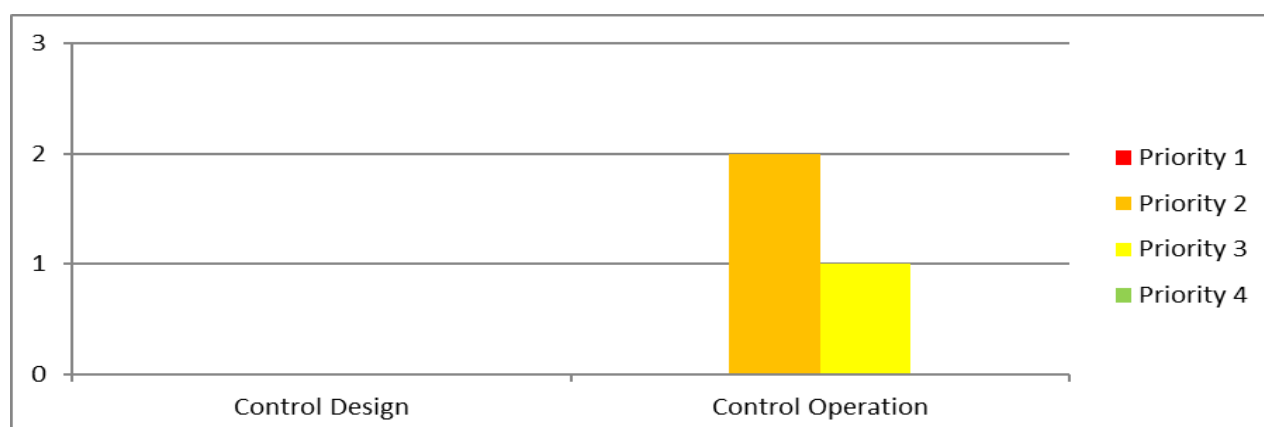
The overall level of assurance given for this report is '**Substantial Assurance**'.

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 2 Priority 2 and 1 Priority 3 Operation control recommendations in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- There are Information Officers for each team in Business Support, with plans to train everyone on Grade 8 or above as an Information Officer.

- Data breaches are a standing item on Business Support managers' meetings

Planned Improvements/Changes:

- In association with other relevant services Business Support plan to explore if IT can help by using technology when sending emails to help prevent data breaches.

Areas Identified for Improvement:

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

Level 2

- Managers should ensure that all their staff have completed the GDPR annual e-learning training and issue reminders when necessary.
- Managers should ensure that staff are regularly kept up to date on best practice on how to prevent data breaches and that they share any current information from the ICO.

Level 3

- As well as the data cleanse before the move to Sharepoint, routine checks should be carried out to ensure that any personal data in files is deleted.

Issue identified out with the scope of the audit:

The audit work identified an issue that was not covered directly by the scope of the audit work, but which was followed up because it had implications for the reporting of the KPI for "completed data protection training" that is used across the Council. See paragraph 20. The percentage has been based upon those who completed refresher training and omits those who undertook training for the first time as induction training, thereby under-reporting the percentage of people who have completed the mandatory training. We have been given assurances that this has been fixed so that under-reporting should not occur from now onwards.

Impact on Risk Register

The Corporate Risk Register held on Pentana includes the following risk which the controls tested in this audit relate to: -

CORRR0007 Information Governance – A lack of consistency in operational delivery of information governance & implementation of information governance policies could expose the Council to an information breach and/or Information Commissioner intervention and substantial financial penalties. Likelihood 2 Low, Impact 4 Major, Current Score 8, Target Score 8.

Business Support Review

Introduction

As part of the 2021/22 annual plan, Internal Audit has completed a consultancy review of the Clerical and Admin Business Support Review.

The factual accuracy of this report has been confirmed with the Director of HR, Digital Enablement, IT & Business Support, the Managers of Business Support; Elections, Commercialisations & Facilities; Change; and the Team Leader HR. The co-operation and assistance given by all members of staff during the review is gratefully acknowledged.

Scope of the Review

This is a consultancy review rather than an internal audit review. The focus, although looking back at what happened, will be on lessons for the future.

The scope was to undertake a post implementation review of the Council's changes to arrangements to provide clerical and administrative Business Support to services. Specific areas for consideration are:

- There were appropriate controls in place to manage delivery of the project
- To identify lessons from the change process for future change projects and programmes, and
- Were the objectives of the review achieved?

We agreed not to include the establishment of services' satisfaction levels with the new Business Support arrangements; whether or not they meet their needs; what worked well; and what improvements could be made as part of the scope. This is because it is already acknowledged that the current service does not meet all needs, a review of the service is planned, and the Director felt it would be better for these issues to be covered during that process. Savings from the planned review of £150,000 are included in the Change Programme in 2023/24.

We spoke to staff who were involved in leading the change, to members of staff affected by the review and reviewed related documents, reports etc. The Project Sponsor was not interviewed as they no longer work for the Council. We are grateful to the staff for their openness and honesty.

Background

The purpose of the Business Support Project was to look at the streamlining and redesign of back office, clerical, admin. and contact processes over all the Council. Phase 1 of this project was the redesigning of the way clerical and admin. support was provided. Part of the project was also to review staff grade bandings taking cognisance of the introduction of the living wage.

The outcome of this project was to be a more streamlined, less manual back-office process designed Council, including digital enablement, and to improve both the internal and external customer journey and cycle time. These processes would be provided by redesigned services with multi-skilled staff, fit for the future. The expected savings from this review was £300,000 by March 2018. It is noted that

although delays meant savings did not start to be realised until 2018/19 total savings to date from the project of £850,000 exceed this.

The project initially started in August 2017 (some data collation & analysis work had been carried out by consultants EY prior to this, some of which was repeated during the project) to be completed by March 2018, with implementation starting July 2018. The first Business Support Team Leader was not appointed until April 2019, and staff transferred from services in September 2019. Business Support now sits within the HR, OD, DE IT and BS directorate.

The initial Project Initial Document (PID) had 8 Workstreams with the Review of all Clerical / admin roles within the Council being Workstream 1, with each workstream required to have its own PID, Risk Register and Project Plan drawn up by the workstream lead. All PIDs were required to be signed off by the Project Board before commencing. The Extended Management Team (EMT) were the Scrutiny Board for the project and had overall responsibility for the delivery of the Change Programme.

Conclusion

One positive coming out of this consultancy review is that the staff interviewed who now work in Business Support have said that they enjoy working in the service and get good support from managers. Managers value their staff and are appreciative of their willingness to go above and beyond expectations but are concerned at the lack of capacity and resilience within Business Support.

We were told that in the last 2 years a lot of work has gone into rectifying issues arising from flaws in the initial project implementation and improving the original Business Support structure. Processes are now looked at overall, not just in service silos. The central insight into what is done across the Council is resulting in better processes, efficiencies and a better customer experience. It is important to ensure that these improvements are not adversely impacted by any changes which result from the next review.

The Angus Council Project Management methodology was followed throughout the initial Business Support Review. There was a project board which reported to a scrutiny board. There was an approved business case, project initiation plan, risk register, communication plan and minutes of meetings with stakeholders and monitoring meetings, although records of these were not always kept on file. Other local authorities were consulted for benchmarking purposes and workshops were carried out.

It is clear however, from our discussions with staff involved, that the whole process was extremely stressful for both the project team and staff affected by the review. Although the correct stages in the project methodology were followed, the execution did not follow the plans, work carried out by the project team was not reflected in the final outcome, and most of the initial project objectives were not fully met.

The current Change Board and Change Programme provides increased governance of projects compared to the arrangements in place during the review. Strengthened options appraisal guidance is also in place. Current arrangements should mitigate the issues which arose during the Business Support Review.

Any governance arrangements can be circumvented and the key learning points from this review are to ensure that:

- realistic, reasonable timeframes are set, communicated to stakeholders and delivered on
- there is engagement to secure buy-in for future reviews from both the staff directly involved and other Council services
- clear and realistic objectives are set, with changes agreed through the proper route, and progress reported regularly to ensure project objectives are met and that mitigating actions are taken timeously if things don't go as planned
- a clear scope is set, including clear definitions of which posts/processes are within scope and the order in which things need to be carried out; any changes to this must be agreed through proper channels
- savings expectations are clearly articulated as part of the scoping process; full evaluation of systems and processes must be carried out in order to properly establish where those savings can be achieved
- digital enablement is connected with the service review process in the right order
- planning includes maximising use of LEAN resources and Service Design process/methodology where appropriate
- a central project file is kept on Sharepoint so that all project documentation is stored in one place, accessible to the whole project team
- minutes/action points from all project meetings should be noted and held on the Sharepoint project file
- good, timely communication is undertaken throughout the life of the project with all stakeholders
- action plans for related activities during and after implementation e.g., training and LEAN reviews, are agreed as part of the project completion and monitored in Pentana
- project methodology is followed to ensure options appraisals are appropriately carried out, evidenced and reported and a post implementation review is carried out and reported on
- an open “no blame” culture exists where staff feel able to voice their concerns without fear of repercussions.

In addition, we recommend that ownership of delivering projects should be with someone who is not on the Change Board except in exceptional circumstances. Existing routes for staff to raise concerns out with the project team if necessary (e.g., 1 to 1 meetings with managers and whistleblowing) should be considered and further routes introduced if thought necessary.

As part of the next review, it is important to ensure that the role of Business Support staff is properly understood across the Council; they are not just typing, filing and scanning, many roles required to support statutory functions require more specialised skills, e.g., minute taking.

A corporate level action plan has been agreed to take forward the lessons identified from this review.

Fostering, Adoption and Kinship Allowances

Background

As part of the 2021/22 annual plan, Internal Audit has completed a cyclical audit of the systems for paying Fostering, Adoption and Kinship allowances. This area was last audited in 2011/12.

Although the Council is moving from CareFirst to Eclipse systems, the payments are still processed in CareFirst as there is not currently a payment module in Eclipse.

The Council operates:

- a Fostering Skills level base scheme, offering different levels of allowances.
- a Kinship allowances scheme, with different types of allowance, and
- an Adoption allowance scheme.

Weekly allowances are paid to approved Foster and Kinship carers and Adoptive parents in line with statutory requirements, guidance and our own policies.

The 2020/21 Angus Adoption Agency and Fostering Panel annual report notes that 72 children were looked after and accommodated with approved Angus foster carers, and 12 children with external fostering placements as of 31 Mar 2021. The report includes the following information about Adoption and Kinship allowances paid as at 31 March 2020, 2021 and 2022:

	21/22	20/21	19/20
Adoption allowances	13	14	17
Residence Allowances Kinship Orders	81	69	69
Kinship Looked After	52	49	48
Kinship pre-assessment	5	6	N/A

Revenue monitoring information includes the following cost information:

	2020/21		2021/22		
	Budget £'000	Actual £'000	Budget £'000	Actual 12/04/2022 £'000	Projected Outturn £'000
Fostering Allowances	2,118	1,685	2,160	1,687	1,642
Kinship	1,023	1,007	1,043	1,163	1,133
Adoption Allowances	196	92	200	91	88

Risk

The latest Corporate Risk Register does not include any risk directly relating to Fostering, Adoption, and Kinship Allowances.

The draft Children, Families & Justice Service Risk Register includes a risk to continuing payment of these allowances if the client index systems (CareFirst and

Eclipse) are inaccessible. However, the risk is assessed as low, and the service holds separately details of all carers and children placed.

A further risk associated with this area is that payments are made incorrectly, and this is not detected and rectified.

Scope

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

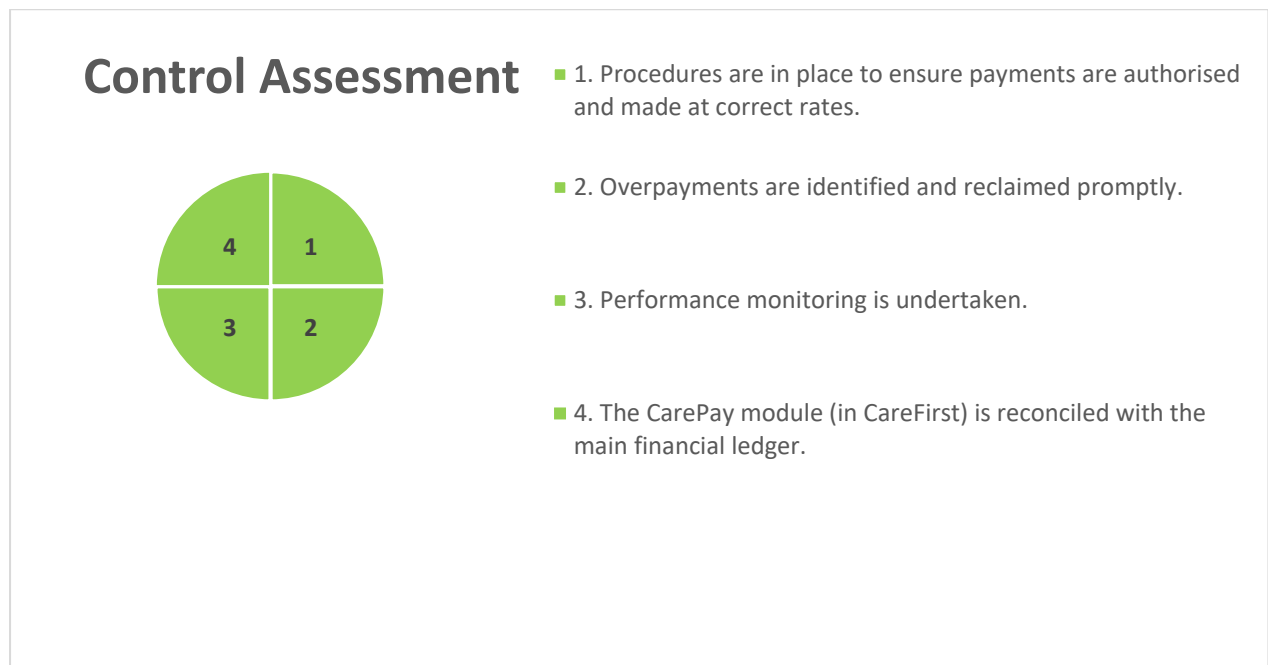
- Procedures are in place to ensure payments are authorised and made at correct rates
- Overpayments are identified and reclaimed promptly
- Performance monitoring is undertaken, and
- The CarePay module (in CareFirst) is reconciled with the main financial ledger.

Conclusion

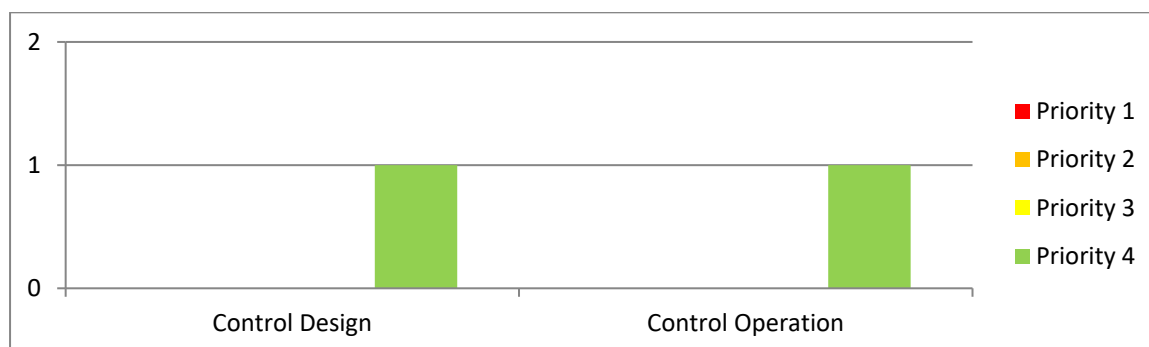
The overall level of assurance given for this report is '**Comprehensive Assurance**'.

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 is one design control recommendation and one operational control recommendation in this report, both priority 4.

Key Findings

Good Practice:

- There is segregation of duties in the teams who input the details on CarePay module, to those that check and agree the payments to those that process the Integra batch payment.

Planned Improvements/Changes:

- The project to implement the Eclipse Financial Module is due to commence shortly and it is hoped that some additional automation will assist in improving the recovery cycle. *“Eclipse Financial Module anticipated to be implemented November 2022. A meeting was held last week to kick off the project. It is hoped Debtors batch reports can be generated instead of staff typing up invoices individually. At a Carers forum they requested payment details to be made by email with line-by-line payments narrative instead of a gross statement.” Project Lead, Senior IT Project Manager.*

Areas Identified for Improvement:

We have made 2 recommendations to address low risk exposure which is:

Level 4

- Authors of guidance and instructions should be reminded to put the date and author name on each version of the document as a form of good practice. This will enable the most recent document to be recognised.
- Action notes should be kept for quarterly monitoring meetings with Finance staff.

Corporate Parenting

Background & Scope

Angus Council is named in the Children and Young People (Scotland) Act 2014 as a Corporate Parent. The duties and responsibilities in the Act came into force in April 2015. The Scottish Government has published guidance and provides training and support for organisations and individuals with a corporate parenting role.

The Act defines corporate parenting as “the formal and local partnerships between all services responsible for working together to meet the needs of looked after children, young people and care leavers”.

The Children and Young People (Scotland) Act 2014: Statutory Guidance on part 9: Corporate Parenting says:

“When a child or young person becomes ‘looked after’ the state assumes duties and responsibilities to safeguard and promote their welfare and wellbeing”, and

“Corporate parenting ... refers to an organisation’s performance of actions necessary to uphold the rights and secure the wellbeing of a looked after child or care leaver, and through which physical, emotional, spiritual, social and educational development is promoted, from infancy through to adulthood. In other words, corporate parenting is about certain organisations listening to the needs, fears, and wishes of children and young people, and being proactive and determined in their collective efforts to meet them. It is a role which should complement and support the actions of parents, families and carers, working with these key adults to deliver positive change for vulnerable children.”

The audit was included in the 2021/22 plan because of the wide-reaching nature of corporate parenting responsibility. Section 58 of the Act defines Corporate Parenting responsibilities as:

“(1) It is the duty of every corporate parent, in so far as consistent with the proper exercise of its other functions –

- (a) to be alert to matters which, or which might, adversely affect the wellbeing of children and young people to whom this Part applies,
- (b) to assess the needs of those children and young people for services and support it provides,
- (c) to promote the interest of those children and young people,
- (d) to seek to provide those children and young people,
- (e) to take such action as it considers appropriate to help those children and young people – (i) to access opportunities it provides in pursuance of paragraph (d), (ii) to make use of services, and access support, which it provides, and
- (f) to take such other action as it considers appropriate for the purposes of improving the way in which it exercises its functions in relation to those children and young people.”

The Children and Young People (Scotland) Act 2014: Statutory Guidance on part 9: Corporate Parenting notes that compliance will be monitored through reviews by

Scottish Ministers and independent inspection. There have been two national reviews, published in June 2018 and December 2021.

Following the Care Review during 2017 to 2020 the Scottish Government produced a report “The Promise” in February 2020 which set out changes needed in the care system to ensure children and young people grow up loved, safe and respected. In 2021 “The Plan” was published. It notes the promise will be kept by 2030, that work to achieve that will be shaped by a series of three year plans and provides the first plan for 2021 to 2024. In addition to other activities within the Council, Service Design projects started in late 2021 will impact on the Council’s delivery of The Promise. These are: The promise – Intensive family support; and child poverty projects on lived experience and school meals.

The purpose of this audit is to provide assurance that adequate procedures and processes are in place to comply with the Council’s corporate parenting responsibilities and that the following objectives have been met:

- Policies and procedures are in place which follow statutory guidance and enable involvement of all relevant Council services and engagement with other locally and national relevant Corporate Parents,
- Statutory requirements relating to plans and reporting are complied with,
- Appropriate performance monitoring arrangements are in place and used to inform planning and continuous improvement, and
- Appropriate training is provided for staff and elected members to explain their role in the Corporate Parenting responsibilities of the Council.

Risk

There are no specific risks identified on the Corporate Risk Register directly relating to Corporate Parenting.

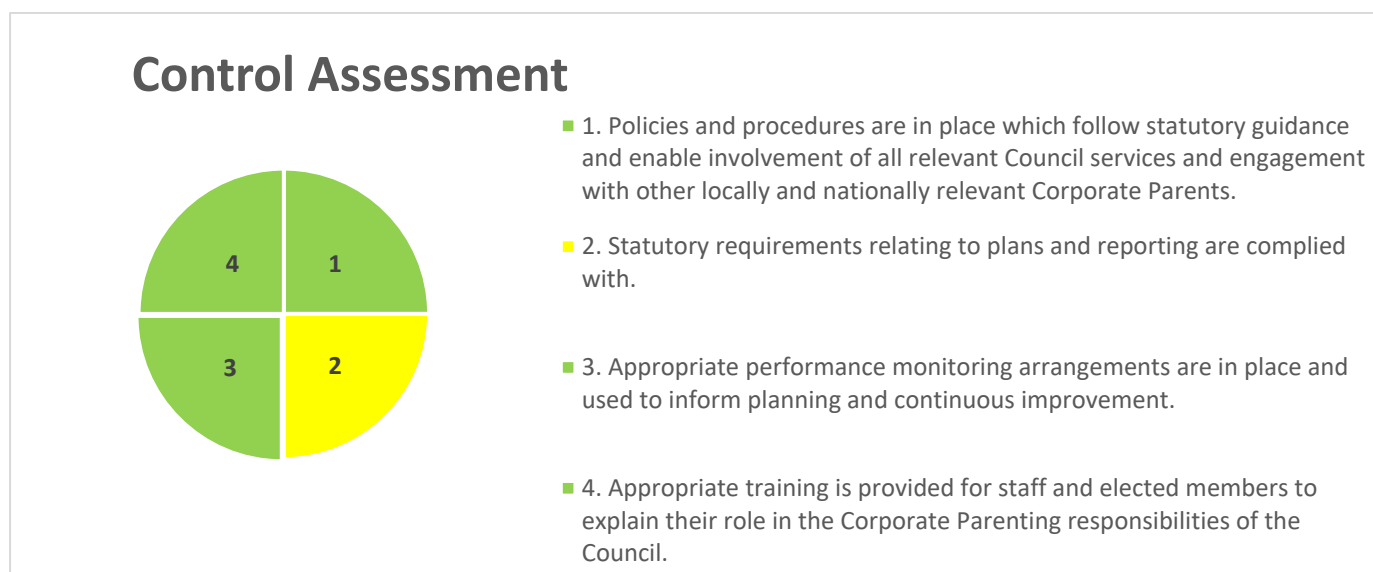
The key risk associated with this audit is that all relevant services, staff and elected members are not aware of their Corporate Parenting responsibilities, there is insufficient liaison with other Corporate Parents in Angus and Scotland-wide, and services for looked after children, young people and care leavers are not as effective as they could be as a result.

Conclusion

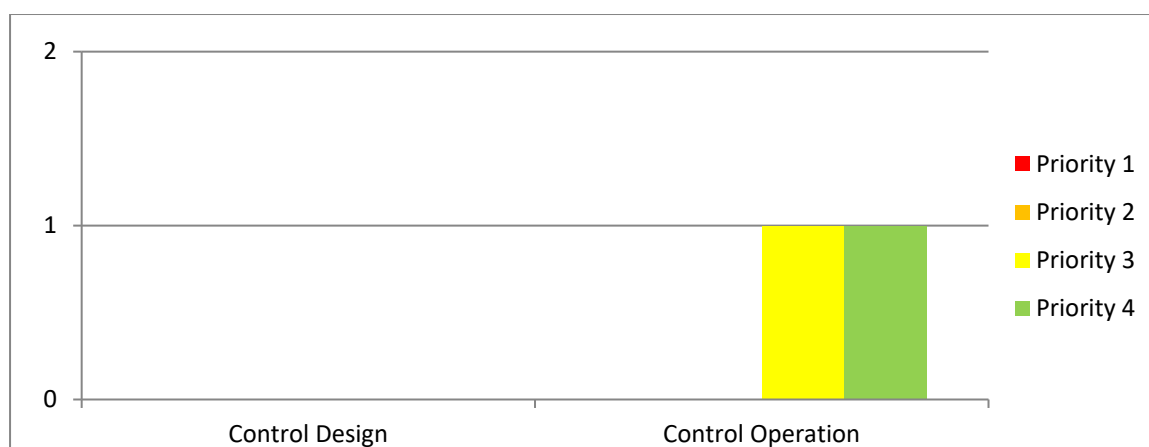
The overall level of assurance given for this report is **Comprehensive Assurance**. There are two lower-level recommendations, one relating to updated operational instructions as some have passed their review dates and the other regarding where the Corporate Parenting Progress and Plans are reported.

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 operational control recommendations in this report, one level 3, and one level 4.

Key Findings

Good Practice:

- Self-assessments were carried out against the national review reports allowing the Angus Corporate Parenting Board to see the Angus situation.

Planned Improvements/Changes:

- Development of The Promise online training.
- Development and relaunch of the Designated Manager training and handbook.

Areas Identified for Improvement:

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

Level 3

- Corporate Parenting Progress Reports and Angus Promise Plans should be approved at Angus Council (full Council) meetings as all members have a Corporate Parenting responsibility.

Level 4

- Operational instructions should be reviewed and updated per the dates specified within the instructions to ensure they are up to date and reflective of actual practice and meet current legislation, policies and strategies.

Data Analysis/Continuous Auditing

Continuous auditing analysing data extracted from Council systems is undertaken using the data analysis software, CaseWare IDEA (Interactive Data Extraction Analysis). The Continuous Auditing programme covers:

- Payroll
- Creditors (Accounts Payable), and
- System log-in access.

We are reporting on Creditors duplicate payments and system login access work at October 2022.

Creditors

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

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

Information is awaited to allow testing on instances of the same person registering and authorising an invoice to be undertaken.

The level of assurance given as a result of checking for duplicate payments in the period April to August 2022 is **Substantial Assurance**.

No instances of duplicate payments were identified for July or August. We previously reported three duplicate payments totalling £16,746.70 in the period from April to June.

System login access

We have checked a report of all staff who had not logged on to their PC and therefore any other programme thereafter for over 21 days up to 18 July 2022. This is based on the first log-in using the passphrase.

We investigated 138 of the instances and identified 42 had left the council and 20 staff who now work in Education and should have separate email addresses. Arrangements are in hand for these to be removed from the system. There are a small number of other instances being investigated further, with the majority of the remainder being people who are off sick, on maternity leave, or have a role that means they do not need to log in frequently.

A review of the report for people who have never logged on identified that the roles they hold are in jobs that would not require regular computer access, e.g., working in parks, waste and care settings. IT are undertaking further work to check access needs with services.

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 37 (36 at 23 August 2022) Internal Audit actions outstanding as at 28 September 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 would have been overdue but have had the **original completion date extended**.
- Table 2 details all other actions which are **currently in progress** (not yet reached due date).

Internal Audit Actions - In Progress as at 28 September 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	-	4	2	-	-	6
	2020/21	-	3	-	1	-	4
	2021/22	2	-	1	-	-	3
Legal & Democratic	2019/20	-	1	-	-	-	1
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
Infrastructure	2019/20	-	-	-	-	-	-
	2020/21	-	1	-	-	-	1
	2021/22	-	-	-	-	-	-
Grand Total		2	9	3	1	-	15

**Internal Audit Actions - In Progress as at 28 September 2022
(Not yet reached due date)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Children, Families & Justice	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	1	2	-	3
HR, DE, IT & Business Support	2020/21	-	1	-	-	-	1
	2021/22	1	3	2	-	-	6
Vibrant Communities & Sustainable Growth	2020/21	-	-	-	-	-	-
	2021/22	-	1	2	-	-	3
Legal & Democratic	2020/21	-	-	-	-	-	-
	2021/22	3	5	1	-	-	9
Grand Total		4	10	6	2	-	22

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 28 September 2022

Directorate	Year review Carried Out	Total
HR, Digital Enablement, IT & Business Support	2019/20	1
Vibrant Communities & Sustainable Growth	2021/22	2
Grand Total		3

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.