AGENDA ITEM NO 5

REPORT NO 107/23

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 25 APRIL 2023

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 2022 (Report 78/22).

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 All of the audits from 2021/22 that were incomplete in June 2022 are now complete and reported, except one – Organisational Resilience.

4. SUMMARY OF 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
Adults With Incapacity (AWI)	No Assurance		1	1	-	-
GDPR Compliance (Education & Lifelong Learning)	Substantial		-	5	1	-
Private Water Supplies Legislation	Comprehensive		-	-	-	-
Health & Safety - Consultancy	N/A	N/A	-	-	-	-

5. FINANCIAL IMPLICATIONS

There are no direct financial implications from this report.

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6. 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.

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List of Appendices:
Appendix 1 Internal audit update report

Appendix 1

Angus Council Internal Audit

Update Report

Scrutiny & Audit Committee

25 April 2023

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 5
DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES 19

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.

All except one of the 2021/22 audits brought forward to 2022/23 (Organisational Resilience) are now complete and reported.

A number of 2022/23 audits are in progress and planning is underway for several others.

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	Complete	Substantial		Oct. 2022
Project Management	Feb. 2023	Fieldwork complete			*June 2023*
Review of GDPR compliance (Education & Lifelong Learning)	October 2022	Complete	Substantial		April 2023
Financial Governance					
Payroll continuous auditing April- September 2022 October – December 2022	On-going	Complete Complete	Comprehensive		Nov. 2022 Jan. 2023
Creditors continuous auditing Duplicate Payments April – June 2022 July -August 2022 September 2022 October – December 2022 Same person registration and authorisation	On-going	Complete Complete Complete Complete Awaiting information	Substantial		Aug. 2022 Oct 2022 Nov 2022 Jan. 2023
External Placements (Children)	Apr./May 2023	Not started			*June 2023*
Comfort Funds	Oct./Nov. 2022	Complete	Substantial		Mar. 2023

Audits	**Planned**	**WIP status**	**Overall control assurance**	**Control assessment by objective**	**S&A committee date / *(target in italics)***
Programme of random cash counts	Throughout the year	In progress			Throughout the year
LEADER - Rural Funding (if required)	TBC	Not started			*TBC*
Payroll (added November 2022)	Feb./Mar. 2023	In progress			*June 2023*
IT Governance					
End User Computing (2021/22 plan)	Feb/March 2022	Complete	Substantial		Nov 2022
IT User Access Administration SEEMIS	Mar./April 2023	Planned			*June 2023*
Digital Strategy and Governance - Consultancy	Feb./Mar. 2023	Planned			*June 2023*
Cyber security	April 2023	Planned			*June 2023*
Continuous auditing – System access Never logged on March 2022 to 18 July 2022 Not logged on in last 21 days To 18 July 2022 2023 testing	 Ongoing Ongoing In Progress	 Complete Complete	 N/A N/A	 N/A N/A	 Oct. 2022 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	Complete	No Assurance		**April 2023**

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / *(target in italics)*
PDR Appraisal System	April/May 2023	Not started			*June 2023*
Mandatory E-Learning Courses	May 2023	Not started			*June 2023*
Procurement	N/A	Removed October 2022	N/A	N/A	Oct 2022
Asset Management					
IT Asset Hardware Inventory	March/April 2023	In Progress			*June 2023*
Surplus Assets	April 2023	Planning			*June 2023*
Legislative and other compliance					
Corporate parenting (2021/22 plan)	Mar. – May 2022	Complete	Comprehensive		Oct. 2022
Equalities Impact Assessments & Fairer Scotland Duties	April 2023	In Progress			*June 2023*
Private Water Supplies Testing	Feb. 2023	Complete	Comprehensive		**April 2023**
Participatory Budgeting	March 2023	In progress			*June 2023*
Consultancy and Advice					
Organisational resilience (2021/22 plan)	Oct. 2021 Nov 2022	In progress	N/A	N/A	*June 2023*
Business support review (2021/22 plan)	Dec 2021/Jan 2022	Complete	N/A	N/A	Oct. 2022
Ignite Consultant – Service Design	N/A	Removed October 2022	N/A	N/A	Oct 2022
Firmstep – Post implementation Review of Project Development	TBC	Not started			*TBC*
Health & Safety - Consultancy	Jan./Feb. 2023	Complete	N/A	N/A	**April 2023**

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.

The ANGUSalive Annual Internal Audit Plan for 2022/23 was agreed at their Finance & Audit Sub-committee on 25 March 2022. Completed audit work has been reported to the Finance and Audit sub-committee and the remaining items in the plan are in progress or planning.

The IJB Annual Internal Audit plan for 2022/23 was agreed by the IJB Audit Committee in June 2022. The Council's Internal Audit team input into this year's plan is in progress.

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
Adults With Incapacity (AWI)	No Assurance		1	1	-	-
GDPR Compliance (Education & Lifelong Learning)	Substantial		-	5	1	-

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Private Water Supplies Legislation	Comprehensive		-	-	-	-
Health & Safety - Consultancy	N/A	N/A	-	-	-	-

Adults With Incapacity (AWI)

Background & Scope

As part of the 2021/22 annual plan, Internal Audit has completed a review of Angus Council's procedures in place to ensure compliance with OPG (Office of the Public Guardian) and MWC (Mental Welfare Commission for Scotland) requirements in relation to recording guardianships for Adults with Incapacity.

In the Adults with Incapacity (Scotland) Act 2000 (the AWI Act), welfare guardianship provides the means to protect adults who lack capacity to make particular decisions or take particular actions for themselves. The AWI Act provides the opportunity for people to become welfare and/or financial guardians for adults with impaired capacity and sets out how decisions can be made for them.

The AWI Act created a number of checks and balances to protect people who lack some or all capacity. The Mental Welfare Commission for Scotland (MWC) and the Office of Public Guardian (OPG), for financial matters, have a specific safeguarding and monitoring role in this AWI Act.

As per the Integration Scheme, the statutory functions of the Local Authority under the AWI Act are delegated to the IJB. The AWI Act cuts across a number of Angus Health and Social Care Partnership services including Older People, Disability Services and Mental Health.

The delivery of these Council services in accordance with statutory and practice requirements, are formally delegated to the Chief Integration Officer through the Local Authority's Scheme of Delegation to Officers and are delivered through the Council's adult social work service as part of the Health and Social Care Partnership leadership structures.

In terms of the AWI Act, the legislation requires the Chief Social Work Officer (CSWO) to be named as guardian to adults with incapacity where the guardianship functions relate to the personal welfare of the adult (where there is no other suitable individual to be appointed the CSWO is appointed as the adult's Welfare Guardian).

The local authority's scheme of delegation thereafter requires all AWI functions to be delivered through the Chief Integration Officer, with the exception of being appointed as Welfare Guardian. Although this operational responsibility is delegated, the CSWO retains overall responsibility for ensuring quality and oversight of AWI practice. More broadly, national guidance by Ministers advises that the CSWO has a responsibility to advise on the specification, quality and standards of social work and social care services and a role in providing professional advice and a guidance to both the IJB and the Local Authority in relation to social work functions that have been formally delegated. These are supported through the Council's specific delegations to the CSWO.

In 2019 we were asked by the CSWO to review interim procedures which had been put in place to record information on AWI within the Council, to ensure compliance with legal requirements set out in the AWI Act. This was because internal service checks had found some inconsistencies with the information held in relation to AWI. Once identified a decision was made to centralise many of the guardianship administration functions within the Mental Health Officers (MHO) Team. The MHO Team collated the guardianship information from all teams and developed an improvement plan. The timeframe for completion of the improvement plan was end of December 2018.

The original brief in 2019 noted that it was anticipated that through the introduction of a new electronic Social Work Client Index System (Eclipse) new measures and reminders would be put in place to ensure that the necessary information is provided, reviewed, updated and generally maintained. Adult Services was in phase 2 of the rollout of new software that included Eclipse at the time of the audit. Interim measures were put in place to ensure that the service was compliant with the OPG and MWC requirements until Eclipse was fully developed. In January 2022 Eclipse had not yet been satisfactorily developed, therefore the interim measures were still in place.

The initial audit (audit ref. 19/03) was not completed due to a whistleblowing investigation which was being undertaken by an external party. An audit memo was issued in July 2019 noting the position at the time the audit was suspended. It was agreed in the interim memo that as Audit had not completed any testing of the information provided, no assurances could be given at that point. It was also agreed that at a suitable time, the audit would recommence, and the work would include:

- Conducting interviews with Team Leaders/Managers
- Testing that new Guardianship Orders are following the guidance provided with the necessary initial meeting with Guardians being conducted within the set timescales
- Checking if initial supervision had been carried out within 3 months, then 6 months and annually, then again on the anniversary of the order, with annual reviews scheduled thereafter
- Reviewing the progress in updating the information for Guardianship Orders prior to new interim processes being put in place; and
- Checking that improvement works are being carried out or escalated if necessary.

Given what had been done since 2019 the objectives for the recommenced audit were reviewed and are noted below.

Scope

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

- Procedures are in place to ensure compliance with legal, OPG and MWC requirements.
- For new Guardianship orders the procedures are being followed.
- That the improvement plan that was in place to bring existing records up to date has been completed.

A mix of interviews with key staff in relevant services and information held on Eclipse and in files was used to establish the procedures followed across the Council complied with best practice. An internally generated risk and control matrix based on the above control objectives was used to document the work done.

Conclusion

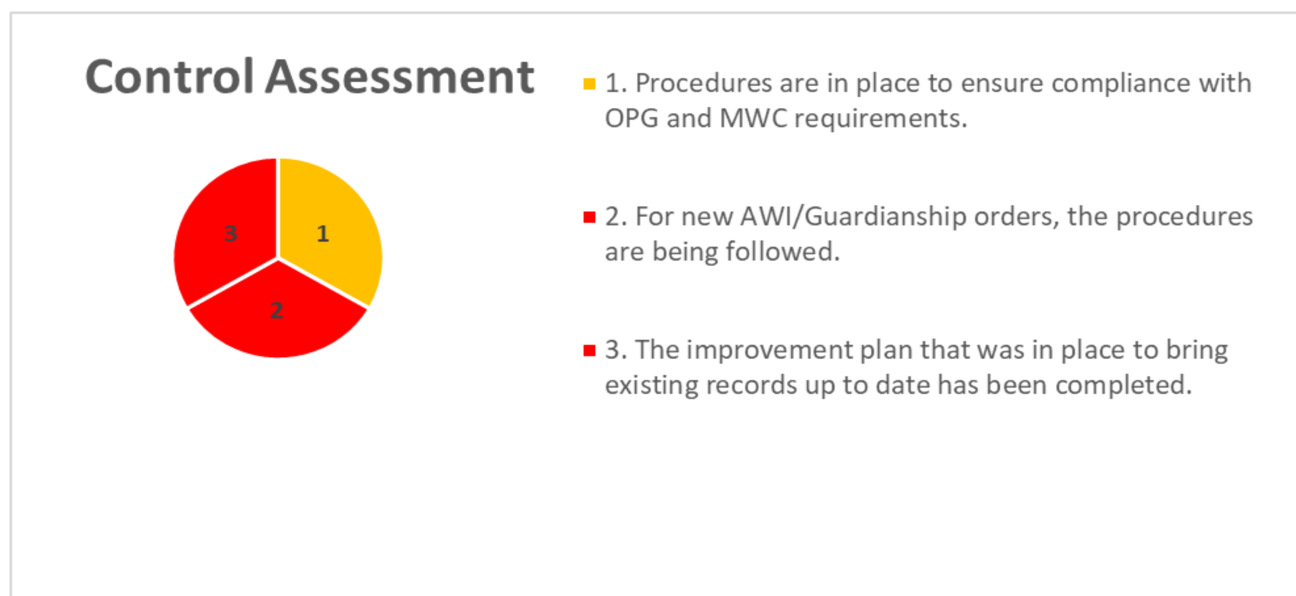
The overall level of assurance for the period covered by the audit testing is "**No Assurance**".

Recommendation 1 – Design Priority 1

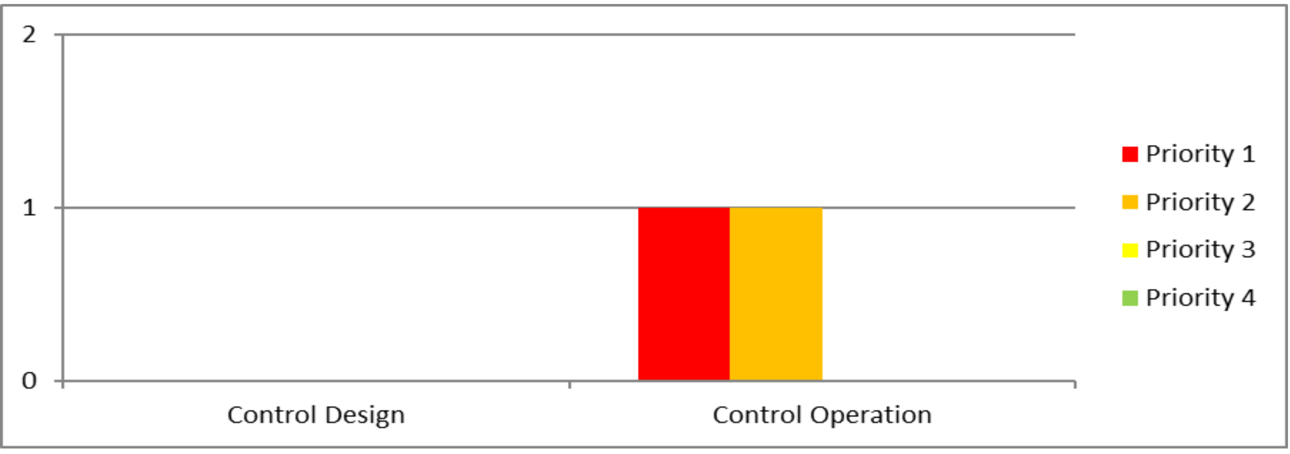
It is recommended that a full review of the Guardianship process is undertaken, in light of our findings, and this review should address all the individual issues identified in this report. The issues identified cover all the outstanding issues from the improvement plan.

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 design control recommendations in this report, one priority 1 and one priority 2.

Key Findings

Good Practice:

- The new Operational Instructions have the version, owner, date of issue and review and version history annotated.
- A number of teams have their own centralised spreadsheet of all guardianship cases including dates of supervision and when orders are due to lapse. However, it would be preferable for Eclipse to be able to provide this information.

Areas Identified for Improvement:

We have made 2 recommendations to address the issues found during our review which are:

Level 1

- A full review of the Guardianship process should be undertaken, in light of our findings, and this review should address all the individual issues identified in this report. The issues identified cover all the outstanding issues from the improvement plan. The issues identified cover updating operational guidance, providing training for staff, ensuring completeness of data held, ensuring timeframes are met, resolving outstanding items from the implementation of Eclipse, and ensuring prompt communication with the OPG regarding updates to cases as required.

Level 2

- Key performance indicators, and how these will be reported, to be finalised to monitor future compliance. (Previous recommendation 10 on Guardianship Improvement Plan).

Risk

The Corporate Risk Register held on Pentana includes the following risk which relates to this audit: -

Risk 05: Public Protection
Risk Description: There is a failure in the multi-agency arrangements for protecting people resulting in significant harm to a child or vulnerable person and/or a failure to manage an offender leading to significant harm to another person.
Risk Scoring: Likelihood - 2 Low, Impact - 4 Major, Overall Risk Score 8 Amber.

The key risks associated with this audit are that without proper procedures and controls in place the Council may breach the requirements of the Adults with Incapacity (Scotland) Act 2000 and may not be compliant with the guidance put in place by Mental Welfare Commission for Scotland (MWC) and the Office of Public Guardian (OPG).

GDPR Compliance (Education & Lifelong Learning)

Background & Scope

As part of the 2022/23 annual plan, Internal Audit has completed a review of the processes and controls in place for GDPR compliance in Schools.

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 focusing 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 schools in Angus 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.
- ICO recommendations made following an incident of data theft have been communicated and implemented across all schools.

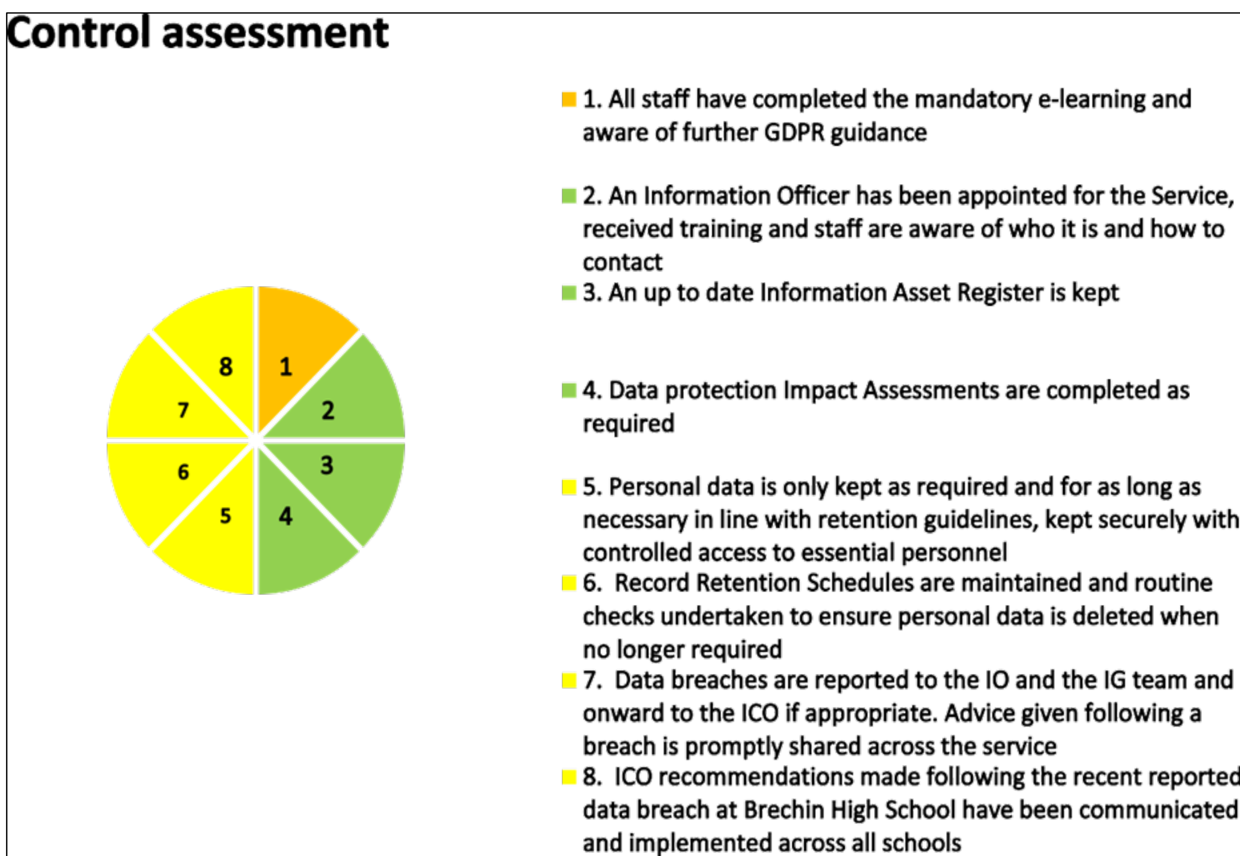
We interviewed staff with responsibility for GDPR, issued a questionnaire to a sample of thirty schools (covering Secondary and Primary, differing Clusters and sizes of school) and visited two secondary and three primary schools. We reviewed this information against an internally generated risk and control matrix based on the above control objectives, and the findings were documented.

Conclusion

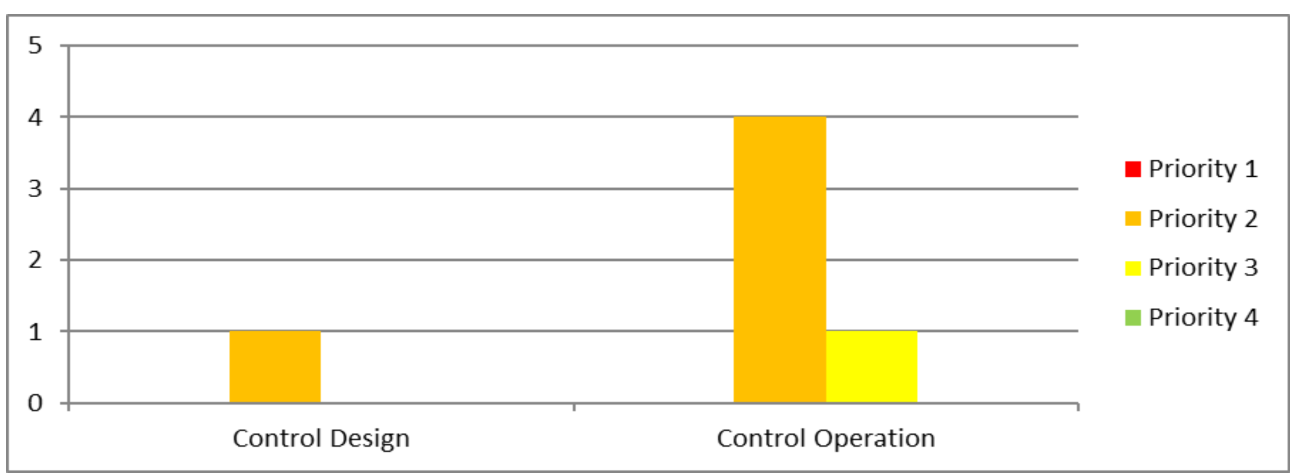
The overall level of assurance given for this report is **'Substantial Assurance'.**

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 4 Priority 2 and 1 Priority 3 Control Operation recommendations and 1 Priority 2 Control Design recommendation in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- The Schools' Information Officer is very knowledgeable on GDPR and keeps comprehensive files with information kept up to date.
- Schools must consult with IT before making any decision to purchase new hardware.

Planned Improvements/Changes:

We were not made aware of any planned improvements or changes during the audit.

Areas Identified for Improvement:

We have made 6 recommendations to address high and moderate risk exposure which are:

Level 2

- Head teachers should ensure that all staff working in their school have completed the annual mandatory e-learning Data Protection course.
- Schools should be reminded of the period of time that personal information should be kept before being destroyed. It is also recommended that schools review old PPRs and destroy any that are older than school leaving age plus 5 years.
- The PPRs in the Brunton Block, Arbroath should be logged with the date each should be destroyed and the date it is actually destroyed.
- Head teachers should ensure that when information is received relating to GDPR and data breaches this information is cascaded down to all staff.
- All schools should be asked to confirm that the ICO recommendations for schools as detailed in the Head Teacher letter dated 16 August 2021 (HT0049/21) have been implemented.

Level 3

- Schools should be reminded of the need to keep a destruction log as per section 4.1.3 of the Angus Council's Storing Information for Pupils document.

Risk

The Corporate Risk Register held on Pentana includes the following risk which relates to this audit: -

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.

Private Water Supplies Legislation

Background

An Internal Audit review of Angus Council's compliance with The Water Intended for Human Consumption (Private Supplies) (Scotland) Regulations 2017 was originally scheduled for 2018/19 as the regulations came into force 27 October 2017. The implementation of the regulation by Angus Council was delayed due to staffing issues within the Environmental Health service. The audit was then further delayed due to restrictions imposed during the Covid-19 pandemic.

The new regulations were estimated to at least double the number of supplies that had to be sampled by the Environmental Protection team with implementation of a new risk assessment tool and new sampling programmes.

The Regulations objective is 'to protect human health from the adverse effects of any contamination of water intended for human consumption by ensuring that the water meets water quality standards. To revoke and replace the Private Water Supplies (Scotland)Regulations 2006 so far as they applied to a "Type A supply".

There are 10 parts to the Regulation the main parts being: -

Part 2 There is to be **a register** which contains information in relation to each large private water supply system used to supply water to premises in a LA's area and the quality of the water in and supplied by the system. The detail of the information required is specified in schedule 1 of the Regulations and the contents of the register are to be reviewed annually.

Part 3 Local authorities (LA's) must carry out a **risk assessment** in relation to the water supplied through each private water supply system to premises in their area to establish if there is any risk that the water could pose a potential danger to human health, with each initial risk assessment being completed before 1 January 2022.* This must be carried out using a methodology which is approved by the Drinking Water Quality Regulator for Scotland (DWQRS), reviewed and if necessary updated at least every 5 years, or earlier if there are adverse changes to the quality of the water or modifications to the supply **system.**

Part 5 LA's are required to complete **regular monitoring** of the quality of water in their area to ensure it meets the prescribed water quality standards. They have to prepare and implement a monitoring programme for each supply zone. The supply zone will be designated by the DWQRS who will determine which private supplies form part of the supply zone.

There are exemptions, if the water is supplied from a private water supply system which provides (in total) less than 10m3 of water a day or serves (in total) fewer than 50 persons. However, water is not exempt if it is supplied as part of a commercial or public activity, or it is supplied to premises used for a commercial or public activity.

Due to the Covid-19 pandemic, all risk assessments were not carried out before 1 January 2022. The Environmental Protection team has undertaken to carry out risk assessments on around 20-25% of relevant supplies each year for the next 4/5 years and this has been discussed with the Scottish Government Drinking Water Quality Regulator (DWQR).

Interviews were held with relevant staff and an internally generated risk and control matrix based on the above control objectives will be used to document the work done.

Scope

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

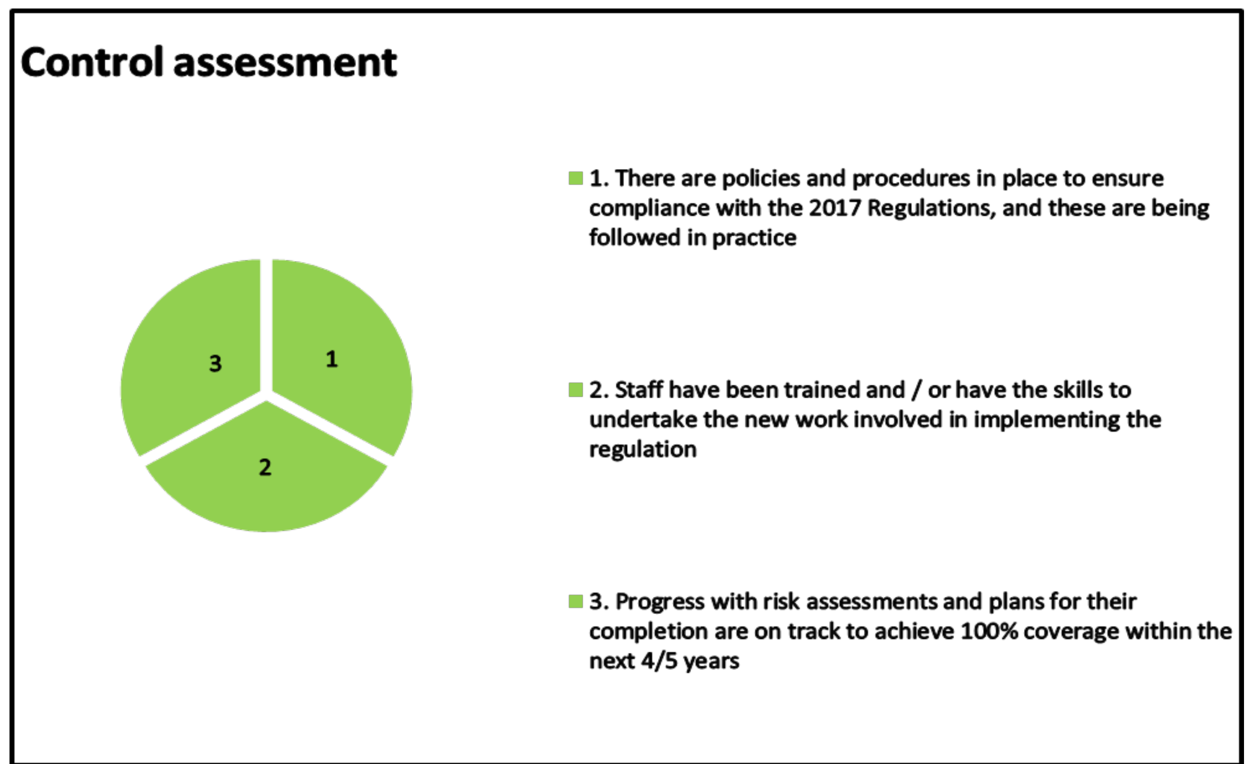
- There are policies and procedures in place to ensure compliance with the 2017 Regulations, and these are being followed in practice.
- Staff have been trained and /or have the skills to undertake the new work involved in implementing the regulation.
- Progress with risk assessments and plans for their completion are on track to achieve 100% coverage within the next 4/5 years

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
There are no recommendations in this report.

Key Findings
Good Practice: We have identified the following areas of good practice:

- There are very comprehensive policies and procedures in place
- An annual monitoring programme is agreed between the Team Leader and both Environmental Health Technicians with processes in place to monitor this.

Impact on Risk Register
The Corporate Risk Register held on Pentana includes one risk specifically relating to Compliance with Legislation which has an overall current score of Impact 3 Significant, Likelihood 3 Low to High, Overall Score 9 – amber with a target score of 6 – green.

Health & Safety – Consultancy

We assisted the Health & Safety Team in undertaking a survey following the implementation of a new on-line Incident Management Module. The questionnaire issued to staff was designed to identify how the system is working, if there are any training needs and what improvements can be made. Feedback from the responses has been provided to the Health & Safety Team to enable them to ensure the system operates as efficiently and effectively as possible and to take lessons identified into consideration for training and implementation of further modules.

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 (39 at 1 March 2023) Internal Audit actions outstanding on 29 March 2023 (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 - 29 March 2023
(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 2020/21 2021/22	- - 3	4 2 2	- - 2	- 1 -	- - -	4 3 7
Legal & Democratic	2019/20 2020/21 2021/22	- - -	- - -	- - 1	- - -	- - -	- - 1
Infrastructure	2019/20 2020/21 2021/22	- - -	- 1 -	- - -	- - -	- - -	- 1 -
Grand Total		**3**	**9**	**3**	**1**	**-**	**16**

Internal Audit Actions - In Progress - 29 March 2023
(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	2020/21	-	-	-	-	-	-
	2021/22	-	-	1	-	-	1
	2022/23	-	-	-	-	-	-
Education & Lifelong Learning	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	-	5	1	-	-	6
HR, DE, IT & Business Support	2020/21	-	1	-	-	-	1
	2021/22	-	-	-	-	-	-
	2022/23	-	-	-	-	-	-
Vibrant Communities & Sustainable Growth	2020/21	-	-	-	-	-	-
	2021/22	-	-	2	-	-	2
	2022/23	-	-	-	-	-	-
Finance	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	-	1	1	-	-	2
Legal & Democratic	2020/21	-	-	-	-	-	-
	2021/22	-	1	-	-	-	1
	2022/23	-	-	-	-	-	-
AHSCP	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	3	1	1	3	-	8
Grand Total		**3**	**9**	**6**	**3**	**-**	**21**

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 - 29 March 2023

Directorate		Year review Carried Out	Total
Vibrant Communities & Sustainable Growth		2021/22	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.**