

Angus Council Internal Audit



Internal Audit Annual Report 2022-2023

15 June 2023

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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 2023, and up to 7 June 2022 relating to the year ended 31 March 2023.
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 reduction in audit resources and the impact to completing work due to 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 majority of control objectives in internal audit work 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. 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. Although the pace of some change has been slow, positive continuous improvement in

arrangements has taken place during 2022/23 to address the items in the corporate governance action plan, including to enhance overall governance arrangements and improve performance management information and risk management.

8. Risk Management arrangements within the council are reasonable. There has been further progress in strengthening risk management arrangements during 2022/23 and evidence of active risk management and risk awareness is available. The pace of implementing planned actions relating to Service Risk Registers and defining risk appetite is however slow, with the latter contributing to the scheduled review of the Risk Management Strategy being overdue.

Basis of opinion

9. In assessing the level of assurance to be given, I have taken into account:

- All reviews undertaken as part of the 2022-23 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 2022-23.
- 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.
- 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 on-going impact of Covid-19.
- My knowledge of the Council's governance, risk management, financial and performance monitoring arrangements, and
- Audit Scotland's 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 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 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 Arrangements

Role of Internal Audit

10. 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

11. For the year to 31 March 2023 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. They were appointed for one year for 2022-23 following the expiry of the previous long-term contract in June 2022. The contract is currently being retendered as a joint procurement with Dundee City Council for the period 2023/24 to 2026/27.
12. From October 2022 the Council agreed to provide two days per week of the Service Leader Internal Audit’s time to Dundee City Council. To ensure the Council continues to comply with PSIAS the Team Leader Internal Audit has been acting up one day per week into the Service Leader’s role. The arrangement is in place as a pilot until October 2023, at which time it will be reviewed.
13. 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.
14. 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.
15. 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.

Internal Audit Resources

The FTE establishment of staff is shown in the table below.

Period	Council Staff Internal Audit	Council Staff Counter Fraud	Out-Sourced IT support	Service Leader	Total
Total establishment 2021/22 and 2022/23	3.6 FTE	3.3 FTE	0.13 FTE	1.0 FTE	8.03 FTE

16. During 2022/23 the actual time available was below the establishment level. This was reported to the Scrutiny and Audit Committee in Report 352/22 in October 2022.
- As noted above the Service Leader has spent two days per week working with Dundee City Council since October 2022. The Team Leader Internal Audit has been acting up to the Service Leader's post one day per week. This is a reduction of 0.2 FTE, with four days instead of five in each post from October 2022.
 - One auditor was seconded full time from 1 August 2022 to 31 January 2023. The time lost from this was partially replaced by a part-time auditor working additional hours, and general audit support from Azets who provide our outsourced IT audit support. The impact was a reduction of approximately 0.3 FTE.
 - One member of the Counter Fraud Team was seconded for 0.2 FTE of their time and this time was replaced by another part-time member of the team working an additional 0.2 FTE. This arrangement will continue till August 2023.
 - Illness also impacted the team for several months during 2023 resulting in approximately 0.25 FTE reduction.
17. I am content that the resources available in 2022/23 were sufficient to allow me to discharge my responsibilities as the Council's Chief Audit Executive as described in the PSIAS and other relevant guidance. Available resource in 2020/21 and 2021/22 was also reduced due to secondments. Reduction in resources, and therefore completed work, is manageable when taking a longer-term cumulative view of assurance, but on a prolonged basis could compromise that position. Any further secondments from the audit team in 2023/24 will need to be replaced by alternative equivalent input to ensure sufficient audit work is undertaken. The resource requirements going forward will be considered as part of the review of the arrangement with Dundee City Council during 2023/24.

Independence

18. I confirm that the staff members involved in each 2022-23 internal audit review were independent of the area under review and their objectivity was not compromised in any way.

Performance & Quality Assurance

19. 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.
20. Internal Audit Performance indicators are:
 - **CIPFA Directors of Finance Section efficiency indicator** shows the section discharged 95% of planned productive hours, compared with 100% in the previous year. The target is to achieve at least 95%. The lower figure in 2022/23 is primarily due to a substantial number of hours lost to audit through the secondment of one auditor for 6 months, and the reduction in the Service Leader's time spent with Angus Council, as detailed in para. 16 above.
 - **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 April 2023 confirmed the internal audit service conforms with PSIAS (Appendix A).
 - **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 2023 confirms continuing compliance with requirements for both the Head of Internal Audit and the Council during 2022/23.
 - **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 (172/23), including an assessment of activity against the guidance, is presented to the same Scrutiny & Audit Committee as this annual report.

It is expected that Counter Fraud figures in the following indicators will fluctuate annually.
 - **Counter Fraud Investigations in 2022/23 – 480 (21/22 595)**
 - **Counter Fraud Recoveries in 2022/23 - £134,819 (21/22 £137,123)**
21. During 2022-23 the main improvements made to the service related to continuing development of mapping available assurances to inform audit planning. This will continue in 2023 for 2024/25 planning. We will develop a questionnaire to implement for the 2023/24 audit plan to gather information from auditees to inform and improve how we work with them. This action has been delayed from 2022/23.
22. 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 2022-23 planning document Audit Scotland, the Council's external auditor, reported that they will review the internal audit plan and the results of our work. The review undertaken by the previous external audit as part of their 2021/22 planning reported in April 2022 did not make any recommendations for change.

Summary of Internal Audit Activity 2022-23

Scope and Responsibilities

Management

23. 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

24. 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

25. 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

26. 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.
27. 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.




28. 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.
29. The Annual Internal Audit Plan was agreed in consultation with senior management and formally approved by the Scrutiny & Audit Committee in March 2022. The plan can be subject to revision during the year to reflect changes in the Council's risk profile and changing circumstances. Report 352/22 submitted proposals, which were approved, for revision of the 2022/23 plan following changes in the Internal Audit team. The changes in the team are discussed above under the resources heading. One audit and one consultancy project were removed from the plan.
 - Procurement – this was postponed to 2023/24
 - Consultancy review of Service Design work with external consultants. Other work planned by Change and Organisational Development Managers should ensure that we maximise learning from this in our approach to change and change management in future.
30. An audit of Payroll was added to the plan in January 2023 (Report 6/23) at the request of the service.







Cover achieved






31. The majority of the 2022/23 Internal Audit plan and the carry forward from the 2021/22 plan has been completed. Two main circumstances impacted the ability to complete the work carried forward at June 2022 and the plan for 2022/23
 - The reduction in available audit resources in 2022/23, discussed previously under Internal Audit Resources, and
 - Delays in receiving documentation and evidence for audit work and agreement of draft briefs and reports has continued in 2023/24. These delays result in inefficiency and duplication in audit work and reduce the overall volume of work achieved. It is recognised that there may still be an impact from the Covid pandemic with some staff deployed to other immediate priorities, and some services are facing staffing shortages and recruitment issues.
32. Although some planned audit work has not been completed, the majority of the remaining work in the 2022/23 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.
33. At 15 June 2023 most projects carried forward from 2021/22 and from the revised 2022/23 plan have been delivered. Where work in progress has not yet been reported, the findings to date have been taken into account in my overall conclusion.

Main Audit Findings

34. 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.
35. A variety of audit reports in both financial and non-financial areas have been issued during 2022-23, including for some work that was in progress or planning in June 2022. 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
Corporate Governance							
Corporate Governance annual review – 2021-22	Complete	N/A	N/A	-	-	-	*
Review of GDPR compliance (Business Support) (2021/22 plan)	Complete	Substantial		-	2	1	-
Review of GDPR compliance (Education & Lifelong Learning)	Complete	Substantial		-	5	1	-
Financial Governance							
External Placements (Children)	Carried Forward to 2023/24	N/A	N/A				
Comfort Funds	Complete	Substantial		2	3	3	2

Audits	WIP status	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Program of random cash counts	Complete	Comprehensive		-	-	-	-
UK Shared Prosperity Fund (replaced LEADER) (if required)	Not required this year	N/A	N/A	-	-	-	-
Payroll continuous auditing Complete April 2022 – March 2023	Complete	Comprehensive		-	-	-	-
Creditors continuous auditing Duplicate payments April 2022 – March 2023	Complete	Substantial		-	-	-	-
Creditors continuous auditing Same person registration and authorisation April 2022 – March 2022	Complete	Comprehensive		-	-	-	-
IT Governance							
End User Computing (2021/22 plan)	Complete	Substantial		-	-	3	*
IT User Access Administration SEEMIS	Complete	Substantial		-	5	5	-
Continuous auditing – system access Never logged on: March to 18 July 2022 To 23 January 2023 Not logged on in last 21 days: To 18 July 2022 To 23 January 2023	Complete Complete Complete Complete	N/A N/A N/A N/A	N/A N/A N/A N/A	- - - -	- - - -	- - - -	* - -

Audits	WIP status	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Internal Control							
Procurement – Exemptions from Tendering process (2021/22 plan)	Complete	Limited		3	5	1	-
Fostering, adoption and kinship allowances (2021/22 plan)	Complete	Comprehensive		-	-	-	2
Adults with incapacity follow-up (2021/22 plan)	Complete	No Assurance		1	1	-	*
Procurement	Removed October 2022	N/A	N/A	-	-	-	*
Asset Management							
Surplus Assets	Complete – no instances for testing	N/A	N/A	-	-	-	-
Legislative and other compliance							
Corporate parenting (2021/22 plan)	Complete	Comprehensive		-	-	1	1
Private water supplies testing	Complete	Comprehensive		-	-	-	-

Audits	WIP status	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
Consultancy and Advice							
Business support review (2021/22 plan)	Complete	N/A	N/A	2	-	-	-
Ignite Consultant – Service Design	Removed October 2022	N/A	N/A	-	-	-	*
Health & Safety - Consultancy	Complete	N/A	N/A	-	-	-	*

36. The following audits are unfinished at 7 June 2023. The findings to date have been taken into consideration in forming the opinion and although there are some issues to be addressed none is sufficient to alter my opinion.

Audits	WIP status
2021/22	
Risk Management	This is now in the 2023/24 plan due to changes in timing of service risk register implementation.
Organisational Resilience	Audit was paused in 2022 to await Best Value Audit report findings. To be carried forward to 2023/24
2022/23	
External Placements (Children)	This audit is planned as a review of new processes. Final changes to processes are in progress and the audit has been carried forward to 2023/24 to be carried out after the changes are complete.
Equalities Impact Assessment & Fairer Scotland Duties	Draft report under review
Payroll	Draft report under review
IT Asset Hardware Inventory	Draft report under review
PDR Appraisal System	Planning
Mandatory e-learning courses	Planning
Firmstep – Post Implementation Review of project Development (Consultancy)	Carried forward to 2023/24
Project Management	Draft report issued
Participatory Budgeting	Draft report issued
Digital Strategy and Governance - Consultancy	Draft report issued
Cyber security	Draft report issued

37. This year Adults With Incapacity Follow-up was assessed as providing “No Assurance”. The audit reviewed procedures in place to ensure compliance with legal, OPG and MWC requirements, including the implementation of an improvement plan from 2019. The service began taking action to address the weaknesses identified as soon as these were brought to their attention and before the report and action plan were finalised. At June 2023 significant work has been undertaken to address the Priority 1 action from this report, which was to undertake a full review of the systems in place.
38. Procurement – Exemptions from Tendering was assessed as providing “Limited Assurance”. Good progress has already been made to address the agreed actions from this audit, with three Priority 1 and four Priority 2 actions already completed. There are 2 actions still outstanding; a Priority 2 action to check all exemption paperwork is fully authorised which is expected to be

complete by 30 June 2023, and a Priority 3 action with a December 2023 deadline, to review all procurement training and support materials.

39. Reasonable progress has been made in addressing the action plans agreed to deal with areas assessed as having limited assurance in previous years with six actions closed during 2022/23. The following actions are still outstanding:
- It User Access Administration (IDOX) (21/09). 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. Two Priority 1 and two Priority 2 actions remain incomplete all with revised due dates of 30 June 2023 – the service expects the revised due dates to be achieved.
 - IT Interfaces (report 20-13). Two Priority 2 actions have a revised date for completion of December 2023. These actions relate to Resourcelink and are to prepare and manage a register for system changes and interfaces, and to adopt a formal and documented change process for all parts of the system.
40. Internal Audit also contributed to the 2022-23 internal audit work for the Angus Integration Joint Board (IJB) and ANGUSAlive as part of the agreements of shared or support services. The IJB audit service is led by the Chief Internal Auditor of NHS Tayside.

Discharge of Audit Recommendations

41. 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.
42. 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.
43. Although the number of outstanding actions fluctuates, the proportion of outstanding internal audit actions which with overdue or extended due dates is slightly higher than last year at 59% compared to 47% in June 2022. Annual figures have fluctuated but the 2022/23 figure compares favourably to the average for the four years to June 2022 of 62%. There are currently no outstanding Counter Fraud actions.
44. All services have continued to take steps to address their outstanding recommendations,
45. Last year there were four Priority 1 actions outstanding in June 2022; none was overdue from its due date for completion. This year there are four Priority 1 actions outstanding, three of which are from 2021/22 and have extended dates for completion; the other is from 2021/22 but has not yet reached the initial due date.
46. We will continue to review implementation of recommendations as part of our 2023-24 follow up work.

Corporate Governance

47. 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.
48. 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.
49. 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. Although as noted in this report the pace of some change has been slow, positive continuous improvement in arrangements has taken place during 2022/23 to address the items in the corporate governance action plan, including to enhance overall governance arrangements and improve performance management information and risk management.
50. Our audit work identified:
- A small number of areas of non-compliance with the core internal financial controls within individual directorates.
 - Oversight of and engagement with Angus Alive, the IJB, and Tayside Contracts continued to be in place during 2022/23.
 - The Council plan is aligned with the budget, which incorporates the change programme. Significant work has taken place during the year to address significant budget pressures and identify a medium-term financial strategy.
 - 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 was rescheduled for completion in May 2023. The review of Standing Orders is complete, and other elements of the review are complete pending final sign off. The Order of Reference of Committees is expected to be finalised in June and the Scheme of Delegation to Officer is scheduled for completion in September.
 - Improvements to performance management arrangements have continued to be rolled out during 2022/23 through the PLED (performance led) work and increasing use of Pentana to manage actions and other performance data. Performance reporting is however an area that external audit has identified as requiring improvement and work is in progress to address this.
 - The Council and Committees held meetings using a mix of on-line and in person arrangements during the year, with meetings being live streamed to the public. Good governance over the proceedings at these meetings has been put in place.
 - The results from the Council's Best Value review, reported in June 2022, were positive. The report identified embedding a council-wide performance management framework as an area requiring further work. The report concluded:

“Angus Council serves its communities well, has made impressive improvements to services in recent years and benefits from effective leadership and a clear vision. There is strong partnership working and collaboration to help deliver services that benefit local people”.










Risk Management













51. Risk Management arrangements within the Council are reasonable. There has been further progress in strengthening risk management arrangements during 2022/23 and evidence of active risk management and risk awareness is available. The pace of implementing planned actions relating to Service Risk Registers and defining risk appetite is however slow, with the latter contributing to the scheduled review of the Risk Management Strategy being overdue.
52. The Corporate Risk Register continues to be updated and reported to Scrutiny and Audit Committee twice per year. There is a risk presentation programme in place for individual risks to be discussed in detail at Scrutiny and Audit Committee meetings. CLT receive regular reports on risk management from the Manager - Risk, Resilience & Safety. There is evidence of risk scoring being revised at points in addition to the two reviews required by the strategy, and evidence of consideration of the need to escalate or identify new and emerging risks. Work during 2022/23 with services to identify fraud risks will inform the new strategy and service risk registers going forward.
53. There has been mixed progress with implementing Service Risk registers. Some services now have their risk registers recorded in Pentana and are monitoring these as a standing item at management meetings. Others are close to that position, but some are at an early stage of identifying what their registers should contain. Support to services is being provided by the Advisor – Insurance & Risk Compliance, but this primarily requires services to be heavily involved to complete it. This work was delayed in 2020/21 by Covid-19 and has had the deadline revised; the current deadline for completion is June 2023 but it is anticipated this may require further extension.
54. The Council's Risk Management Strategy should be reviewed every two years. The latest review commenced in March 2021 but was put on hold due to Covid-19 impacting on availability of resources. It was originally planned to complete this and develop the Risk Appetite Framework by the end of 2022, however resource constraints continue to cause slow progress in developing the Risk Appetite Framework and this is delaying finalisation of the revised strategy.

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 2022/23, 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. Although progress has been made with agreed actions two areas remain generally compliant pending full completion of the action plan.

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				

Reference	Assessment Area	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
1300	Quality Assurance and Improvement Programme				
Section D	Performance Standards				
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				

EQA ACTION PLAN

Ref. No.	Recommendation	Priority	Update June 2023	Manager Responsible	Date to be Completed
1	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	Assurance mapping has been progressed further during planning for both 2022/23 and 2023/24. Revised Cipfa guidance is due to be published and will be reviewed once available.	Service Leader-Internal Audit	January 2022 Revised January 2024
2	The work identified as needed to improve organisational management of risk should be completed.	2	Organisational risk management arrangements have improved further during the year but there is still work to be done to embed Service Risk Registers fully in all services, identify risk appetite, and complete the review of the Risk Management Strategy. The service responsible for risk management support has an action plan to take this forward	Director-Strategic Policy, Transformation and Public Sector Reform.	December 2021 Revised to June 2023

SELF-ASSESSMENT ACTION PLAN

Ref. No.	Recommendation	Priority	Update June 2023	Manager Responsible	Date to be Completed
1	We will develop a questionnaire to gather information from auditees to inform and improve how we work with them. This will be implemented for the 2023/24 annual audit plan.	3	This has been carried forward from last year.	Service Leader-Internal Audit	Revised to September 2023

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. 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.