

**ANGUS COUNCIL**

**SCRUTINY AND AUDIT COMMITTEE – 26 OCTOBER 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) Consider and note the update on progress with the planned Internal Audit work (Appendix 1)
- (ii) consider and note management's progress in implementing internal audit and counter fraud recommendations (Appendix 1)
- (iii) note the addition of a Serious Organised Crime audit to the 2023/24 plan.
- (iv) 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 2023 ([Report 79/23](#)) and items from the 2022/23 plan that were incomplete in June 2023.
- 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 Two audits from 2022/23 were in progress, but incomplete in August 2023. These are included in this report; the 2022/23 audit plan is therefore complete. A number of 2023/24 audits are now in progress.
- 3.7 We previously reported a vacancy in the Internal Audit Team. This is impacting on delivery of the plan for 2023/24. We will seek to mitigate the impact of this by utilising general audit support from our outsourced support contractor once the contract has been let. The tender has been advertised on PCS with a closing date of 30 October 2023. A recruitment exercise to fill the vacant auditor post will commence following completion of a review of the current career grade structure for Auditors.
- 3.8 The plan for 2023/24 will be reviewed and a report on the impact will be brought to a future meeting of this Committee. For this reason, the activity report in Appendix 1 does not include the previously agreed 2023/24 plan in full; it only notes work that is in progress.
- 3.9 Since the 2023/24 plan was agreed in March 2023 an audit of the controls in place to mitigate the threat presented by Serious Organised Crime (SOC) risks has been added to the plan. This is to assist the Director of Finance in his role as the Single Point of Contact (SPOC) for SOC. It will also help address the action plan for SOC agreed in December 2022 following a review of Angus Council’s SOC arrangements against The Local Authority Readiness – Serious Organised Crime and Corruption Risk checklist.
- 3.10 The initial trial of the job-sharing arrangement with Dundee City Council for the Service Leader Internal Audit role ended on 30 September 2023. Following a review the job-sharing is continuing pending the formal decision on whether or not to make this a permanent arrangement.

**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
Payroll	Substantial		4	4	1	-

Audit	Overall control assurance	Control assessment by objective	No. of Audit Actions by Priority			
			1	2	3	4
IT Asset Hardware Inventory	Substantial		2	2	-	2

## 5. AUDIT CHARTER

- 5.1 The Audit Charter was last updated in September 2021. 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. Revised Public Sector Internal Audit Standards (PSIAS) are expected in 2024 and the Charter will be updated following their publication.

## 6. FINANCIAL IMPLICATIONS

There are no direct financial implications from this report.

## 7. 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

# Angus Council Internal Audit



## Update Report

### Scrutiny & Audit Committee

26 October 2023

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

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## **INTRODUCTION**

This report presents the progress of Internal Audit activity within the Council from August 2023 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 in planning, in progress, or completed since the August meeting.



One audit from 2021/22 (Organisational Resilience) that was on hold is now in progress; this work is being undertaken by Azets.

Two audits from the 2022/23 plan are being reported; the 2022/23 audit plan is therefore complete.

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 / ( <i>target in italics</i> )
<b>Corporate Governance</b>					
Corporate Governance annual review – 2022-23	June 2023	Complete	N/A	N/A	23 June 2023 (Report 173/23)
Project Management (2022/23 plan)	Feb. 2023	Complete	Substantial		Aug. 2023
<b>Financial Governance</b>					
Payroll continuous auditing April to June 2023	On-going	Complete	Comprehensive		Aug 2023
Creditors continuous auditing Duplicate Payments April to June 2023	On-going	Complete	Comprehensive		Aug. 2023
Creditors continuous auditing Same person registration and authorisation	TBC				TBC
External Placements (Children)	Jan./Feb. 2024	Planning			<i>April 2024</i>
Payroll (added November 2022 to 2022/23 plan)	Feb./Mar. 2023	Complete	Substantial		<b>Oct. 2023</b>
<b>IT Governance</b>					
Digital Strategy and Governance – Consultancy (2022/23 plan)	Feb./Mar. 2023	Complete	N/A	N/A	Aug. 2023

<b>Audits</b>	<b>Planned</b>	<b>WIP status</b>	<b>Overall control assurance</b>	<b>Control assessment by objective</b>	<b>S&amp;A committee date / (target in italics)</b>
Cyber security (2022/23 plan)	April 2023	Complete	Substantial	N/A	<b>Aug. 2023</b> <b>Exempt report 225/23</b>
<b>Internal Controls</b>					
PDR Appraisal System	Sept./Oct. 2023	In progress			<i>Jan. 2024</i>
Mandatory E-Learning Courses/Corporate Training (2022/23 plan)	May 2023	Removed from plan due to current activity by service	N/A	N/A	Aug. 2023
<b>Asset Management</b>					
IT Asset Hardware Inventory (2022/23 plan)	March/April 2023	Complete	Substantial		<b>Oct. 2023</b>
Housing Void Management	TBC	Planning			<i>TBC</i>
<b>Legislative and other compliance</b>					
Equalities Impact Assessments & Fairer Scotland Duties (2022/23 plan)	April/May 2023	Complete	Substantial		Aug. 2023
Participatory Budgeting (2022/23 plan)	March 2023	Complete	Position Statement	N/A	Aug. 2023
Serious Organised Crime (SOC)	Sept. 2023	In progress			<i>Nov. 2023</i>
GDPR Compliance in Children, Families & Justice	Sept. 2023	In progress			<i>Jan. 2024</i>
<b>Consultancy and Advice</b>					
Organisational resilience (2021/22 plan)	August / September 2023	In progress			<i>Nov. 2023</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.

The ANGUSalive Annual Internal Audit Plan for 2022/23 was agreed at their Finance & Audit Sub-committee on 25 March 2022. All work for the 2022/23 audit plan has now been completed and reported to the Finance and Audit sub-committee.



The ANGUSalive Annual Internal Audit Plan for 2023/24 was agreed at their Finance & Audit Sub-committee on 9 June 2022. One piece of work has been completed and reported, and planning work has commenced on the next piece of work, however the audit has been delayed due to resourcing issues within ANGUSalive.

The IJB Annual Internal Audit plan for 2023/24 has now been agreed.

### 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
Payroll	Substantial		4	4	1	-
IT Asset Hardware Inventory	Substantial		2	2	-	2

# Payroll

## Introduction

A review of the Payroll processes and controls to ensure they are sufficient to mitigate the risks and issues which have been identified in the delivery of payroll services was added to the 2022/23 audit plan at the service's request.

Completion of the report was delayed due to staffing constraints in payroll and internal audit; however, issues have been discussed with the service throughout the audit fieldwork.

## Background & Scope

Staff costs currently make up around 46% of the Council's net expenditure. Control of staff costs, through sound budgeting and human resource planning, is therefore key to the Council's financial position.

The importance of having a robust and reliable payroll service to make payments to staff promptly and accurately, and to provide information to management on the payments made, should not be underestimated.

The Council's Payroll team provides all payroll services to the Council, Angus Health & Social Care Partnership (AHSCP) and ANGUSalive. Six payrolls are run on a monthly basis, plus election payrolls as required. Effective delivery of these services depends on effective systems, processes and controls, up-to-date knowledge, continuous development and improvement, and adherence to statutory and legislative requirements.

The Payroll team are responsible for ensuring that all payrolls and associated information are processed accurately and on time, and that practices meet all statutory requirements. The team must also react to demands for information and enquiries as they arise from services.

Demand on the team has remained extremely high in recent times, and a lack of resources amplified by low levels of resilience, staff absences and delays in digitising processes led to a number of issues and risks arising during 2022, including significant backlogs in processing payroll documentation, as well as failure to meet statutory/legislative requirements and an increase in complaints from staff regarding response times.

A Staffing and Payroll Service Review began in 2021, with the aim of identifying an operating model which would maximise efficiency, streamline processes and ensure preparedness for process digitisation/automation. However, the outcomes from this initial review have not yet been fully implemented due to challenges around recruitment.

In August 2022, the Council's former Payroll Manager who had retired on 31 March 2019 returned as Payroll Consultant on a temporary basis to help mitigate long-term staff absence and address the issues (and associated risks) which have arisen, and at the same time, an experienced Payroll Assistant (External Payroll Consultant) was seconded from Dundee City Council on a temporary basis, initially until March 2023, then extended to November 2023. An assessment of the issues and risks has been

undertaken and mitigating actions and controls have been / are being put in place to rectify the situation.

The overall objective of the audit was to provide assurance that the key controls and action plan put in place are sufficient to mitigate the risks and issues which have been identified in the delivery of payroll services.

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

- Up to date procedures and guidance are in place for Payroll staff to follow, with roles and responsibilities clearly documented.
- Adequate procedures are in place to ensure that only valid employees are paid, including procedures for starters and leavers.
- Controls are in place to ensure calculation of all payments (including expenses) and deductions are at the correct and authorised rate and comply with relevant tax and other regulations.
- All deductions are correctly made from staff and appropriately paid over to the relevant bodies within appropriate timescales.
- All payroll transactions are accurately reflected in the accounting system with regular reconciliation undertaken, and regular and accurate management and statutory information is produced.
- The Payroll service operates on a prompt and timely basis.
- Out of payroll (e.g. Emergency) transactions are strictly controlled and only occur in exceptional circumstances.

## Conclusion

The overall level of assurance given for this report in August 2023 is '**Substantial Assurance**'. Initially the level of assurance given in the draft report in June/July was 'Limited Assurance', however following the completion of several of the recommendations since the issue of the draft report, including four priority 1 recommendations, the level of risk has been reduced sufficiently to revise the level of assurance.

This audit has been in course since January 2023. The time taken to finalise it has been a combination of factors, including resource issues within Payroll, impact of secondment of audit staff, and the on-going work within Payroll to address known issues.

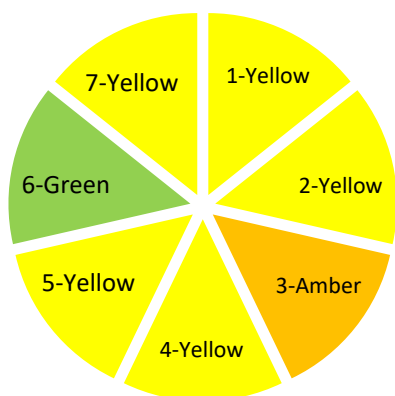
There has been on-going discussion between audit and payroll staff throughout the period to highlight issues that were being addressed and those that still required to be addressed. During that time a number of issues within Payroll have been resolved, including in the period since we issued the draft report in July.

To prevent time being spent re-writing the draft report we have updated the report to identify where actions have been completed and the overall assessments in each section reflect the position in August 2023, providing the overall level of Substantial Assurance.

## Overall assessment of Key Controls

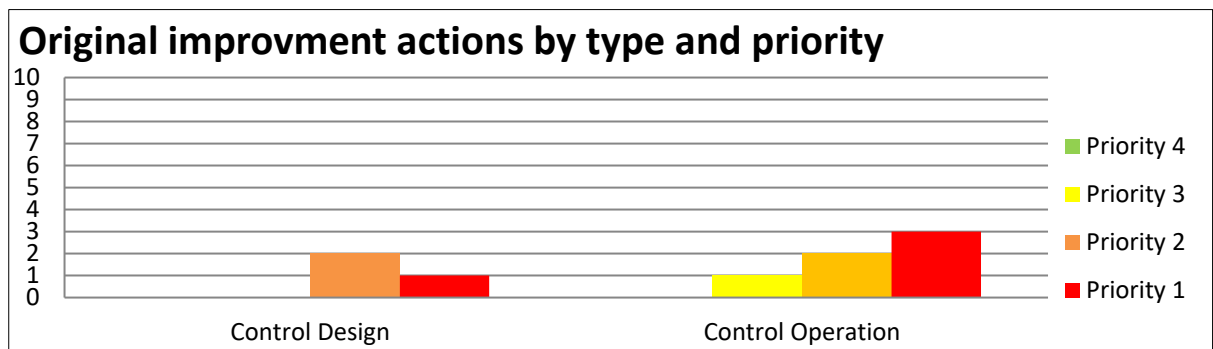
The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:

### Control assessment

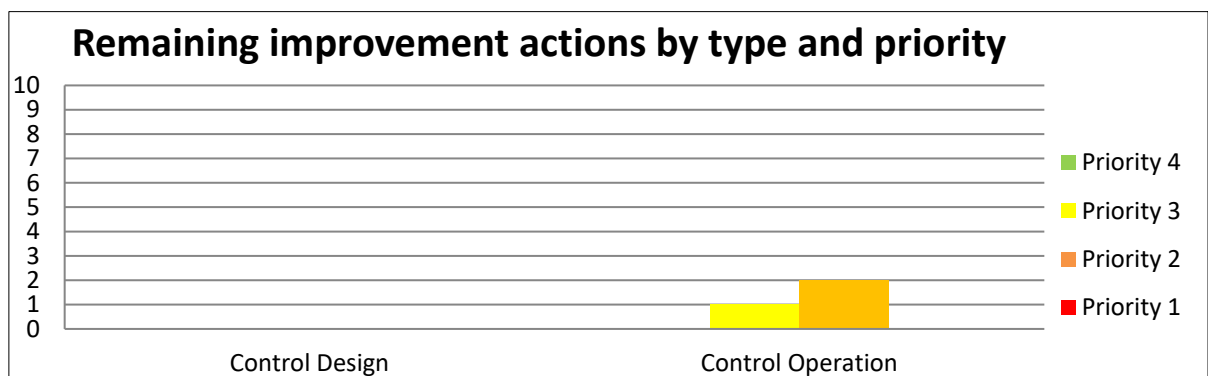


- 1. Up to date procedures and guidance are in place for Payroll staff to follow, with roles and responsibilities clearly documented.
- 2. Adequate procedures are in place to ensure that only valid employees are paid, including procedures for starters and leavers.
- 3. Controls are in place to ensure calculation of all payments (including expenses) and deductions are at the correct and authorised rate and comply with relevant tax and other regulations.
- 4. All deductions are correctly made from staff and appropriately paid over to the relevant bodies within appropriate timescales.
- 5. All payroll transactions are accurately reflected in the accounting system with regular reconciliation undertaken, and regular and accurate management and statutory information is produced.
- 6. The Payroll service operates on a prompt and timely basis.
- 7. Out of Payroll (e.g., Retain) transactions are strictly controlled and only occur in exceptional circumstances.

## Audit Recommendations summarised by Type & Priority



There were initially 9 recommendations in this report; 3 design control recommendations (one priority 1 and two priority 2); and 6 operational control recommendations (three priority 1, two priority 2, and one priority 3). Six, including the four priority 1 recommendations, were completed during the time taken to finalise the report and the table below shows only those recommendations outstanding in August 2023. These are all operational.



## Key Findings

### Good Practice:

We have identified the following areas of good practice:

- There is segregation of duties when making updates to Payroll system parameters.
- There are templates and checklists in place, such as for payroll reworks and payroll processing.

### Planned Improvements/ Changes:

- New structure as suggested in the Staffing and Payroll Service Review referred to in para 9.
- Plans are in place to collate all payroll guidance and documented procedures in one area on SharePoint.
- Proposed update in procedures to reduce Faster/Chaps Payments (Emergency Payments).
- Currently working on digitising some of the processes which will lead to more automation.

### Areas Identified for Improvement:

During the audit we identified a number of areas for improvement, and have made the following recommendations:

## Priority 1

- Update the payroll timetable to include the schedule for processing deductions and paying tax payments and any other payments to statutory/regulatory bodies.
- When correcting errors or making emergency payments, back-up documentation identifying the error and reason for the payment should be retained and all details correctly recorded in the “Retain Spreadsheet”.
- Official documents to authorise payments should be endorsed with PDF stamps ensuring authentic authorisation.
- The Scheme of Delegation should be reviewed to ensure that there is adequate cover to enable all documents relating to emergency/retained payments to be processed with proper authorisation; staff should also be made aware of limits that are attached to their roles.

## Priority 2

- Ensure manual review and authorisation of salary calculations for new teachers is documented within formal procedures.
- Develop and implement onboarding and offboarding payroll procedures, containing the steps completed by Payroll from the point of receiving a new start form or leavers form, through to the new start being fully set up or the leaver fully removed, whilst ensuring appropriate segregation of duties.
- A long-term solution identifying more than 2 officers with relevant security access for payroll processing, to allow on-going segregation of duties, should be implemented.
- Management should establish which management and statutory payroll reports are required on a regular basis, agree who is responsible for providing those reports, to whom, and how often. Templates should be agreed and access rights to the Payroll system adjusted accordingly.

## Priority 3

- As part of the proposed collating of user instructions, a programme of reviewing and updating guidance should be scheduled; when reviews are completed this should be recorded on the documents along with the next review date. Where guidance refers to passing documents to specific people, the relevant job title and service should be included.

## Impact on Risk Register

There are no risks currently held on the Council’s Corporate Risk Register which this audit is relevant to.

The direct risks are that without proper procedures and controls in place, staff may not be paid on time, errors may occur some of which may result in financial loss, and fines/penalties may be incurred due to deadlines not being met for payments to third parties e.g. HMRC.

The service recognised that these risks existed and requested this audit to provide assurance over the mitigating actions they have taken/plan to take.

# IT Asset Hardware Inventory

## Introduction

As part of the 2022/23 annual plan, Internal Audit has completed a review of IT hardware asset inventory to provide assurance it is complete, accurate and up-to-date and that there are adequate controls in place to monitor, track and record any changes in IT hardware assets held by the Council.

## Background & Scope

Angus Council hold a significant volume of IT assets across a number of sites and services. The Digital Enablement and IT service are responsible for the management of many different hardware assets, including desktop computers, laptops, tablets, monitors and mobile devices.

In order to achieve value for money and full benefit from the hardware in use, it is important that all IT assets are tracked and managed appropriately, protected from the impact of loss or theft, able to support service delivery, upgraded and/or repaired appropriately, and replaced on a timely basis once they reach the end of their useful life.

Increased remote working makes good IT asset management even more important. IT hardware is a valuable asset and replacing lost or stolen items bears a significant cost. Loss or theft can also have significant implications given the volume of personal information held by the Council and the need to comply with GDPR.

The budget for 2023/24 has been provisionally set at £200,000 for IT Hardware Refresh Programme, similar to that for 2022/23.

A Counter Fraud investigation carried out in 2019 concluded that security arrangements to safeguard Council IT assets at that time were inadequate, with equipment unaccounted for due to weak internal processes, poor security arrangements and possibly human error or theft.

The 2022/23 Internal Audit Annual Plan includes a review to assess and evaluate the controls in place over the Council's IT hardware. This audit was originally scheduled to be undertaken in 2019/20 but was delayed allowing time for recommendations from the Counter Fraud investigation to be implemented.

## Scope

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

- An IT asset hardware inventory is maintained, with specific users identifiable for all assets; and responsibility for maintenance of the inventory assigned to an appropriate officer.
- Adequate procedures are in place to ensure the inventory is updated promptly following recruitment, redeployment, resignation, dismissal, purchases, allocation of assets to staff, loss or theft, and disposal.
- Adequate procedures are in place for the return of assets from leavers, including items are promptly returned to stock and the inventory is updated at the point of return. Regular reconciliations between leavers data and the inventory are performed to ensure the inventory remains current and accurate.
- Stocks of assets held centrally are stored securely and regularly reviewed to ensure records are complete and stock is appropriately accounted for, with regular stocktakes undertaken.
- Repairs to assets are recorded against specific assets on the inventory to enable recurring issues with certain asset types to be tracked.
- Documented procedures are in place on action to be taken if stock is lost / stolen / requires a repair.
- An IT Asset Management Plan is in place which is regularly reviewed and updated. The plan should include a defined lifecycle for each asset type, to ensure assets are current and provide the required level of service and performance, with defined criteria for the disposal of assets to ensure that assets are not disposed of unnecessarily or repaired when not financially viable to do so.
- Guidance is in place for the use/care of assets used remotely, including in the employee's home, and this guidance has been appropriately communicated to all staff.

The audit also followed up on the recommendations made in the Counter Fraud investigation, to ensure that the actions had been fully implemented.

## Conclusion

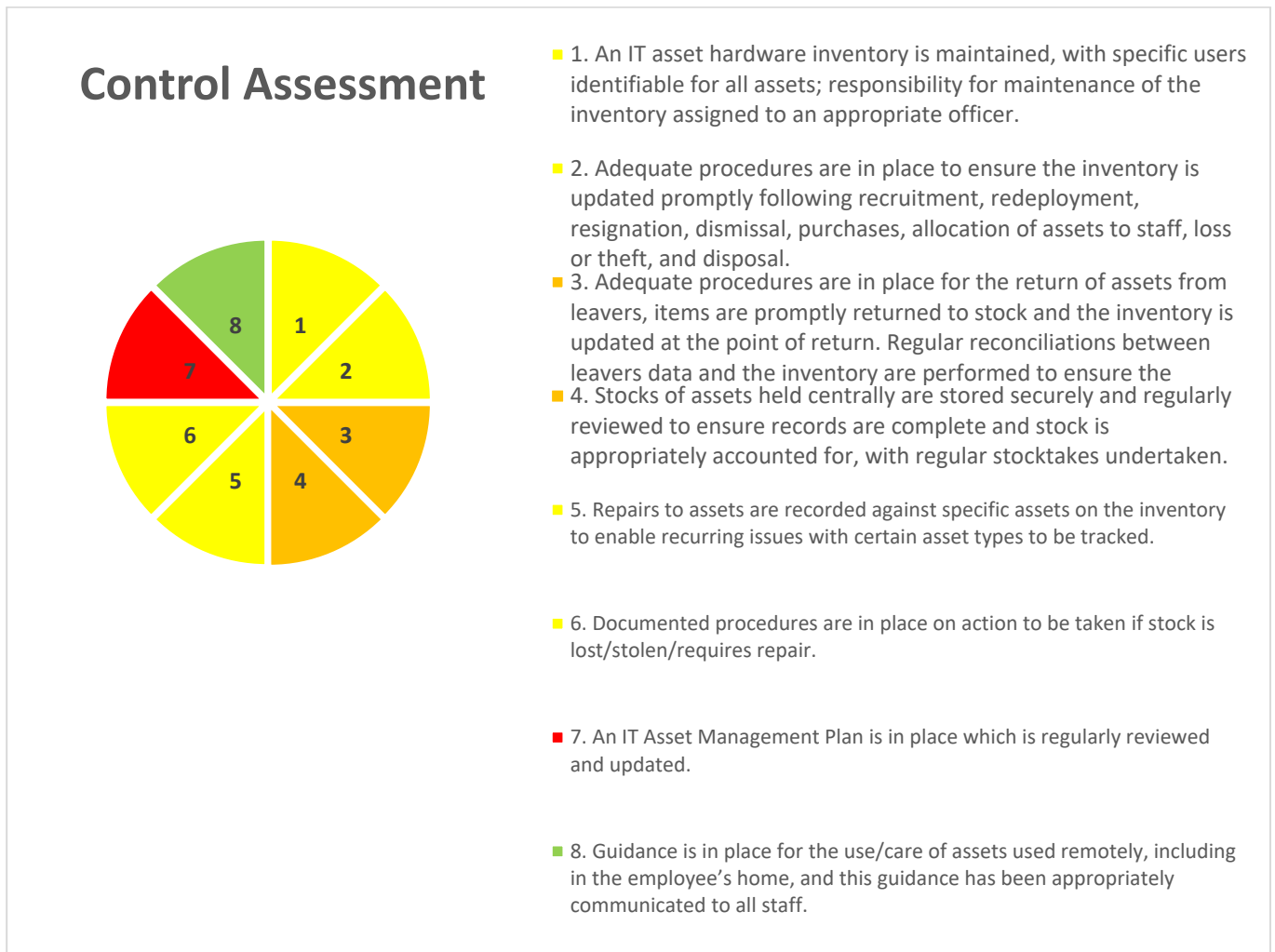
The overall level of assurance given for this report is '**Substantial Assurance**'.

Our review of the Counter Fraud actions identified following an investigation in 2019 found that although the actions had all been closed off as completed by IT, a number of these had not been fully implemented, and those actions are therefore addressed in the recommendations of this report.

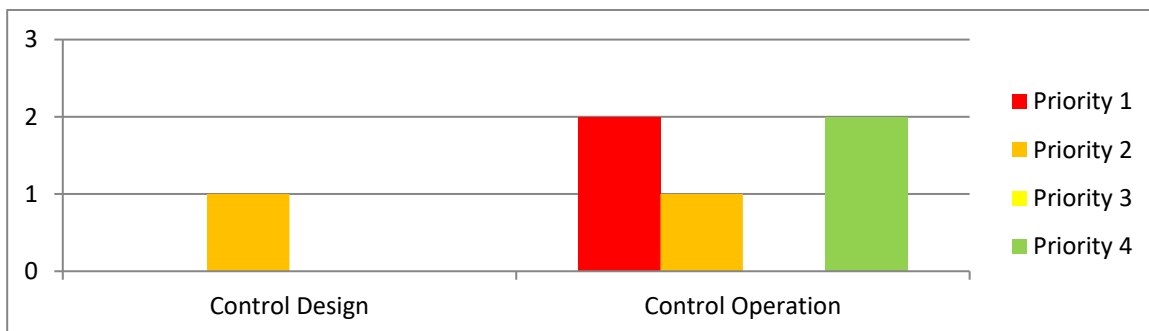


## Overall assessment of Key Controls

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



## Audit Recommendations summarised by Type & Priority



There are five operational control recommendations in this report: two priority 1, one priority 2 and two priority 4, and one design control recommendation priority 2.

## Key Findings

### Future Developments:

A new software system, AskIT (from supplier Marval), an inhouse development is to replace the current Ivanti database which records hardware inventory. The replacement is due to be installed by the end of 2023.

### Areas Identified for Improvement:

We have made 6 recommendations to address high, medium, and low risk exposure which are:

#### Level 1

- Reconciliation of physical stock and stock records should be completed annually in line with best practice and details of these reconciliations kept. This should be done for any item valued at over £100. This does not have to be at the financial year end but can be scheduled to suit any quieter periods for staff.
- An IT Asset Management Plan should be developed and approved. This should be reviewed annually and should include the details of the defined lifecycle for each asset type, and defined criteria for the disposal of assets.

#### Level 2

- Procedures should be put in place to confirm that leavers data has been actioned and where appropriate equipment has been returned promptly and the inventory details updated. Regular (at least bi-annual) reconciliations should be carried out between leavers data and the inventory to ensure the inventory remains accurate.
- A procedure should be put in place to ensure that staff confirm receipt of any IT equipment requested.

#### Level 4

- Detailed guidance notes should be available for the new AskIT system for IT staff to follow.
- Communication on the procedures for receipt and disposal of IT equipment should be delivered via the Intranet, making the process clearer for Managers and staff to follow. This will include procedures covering lost/stolen equipment or equipment requiring repair.

## Impact on Risk Register

The Corporate Risk Register held on Pentana lists the following risks which are relevant 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. Impact 4 Major, Likelihood 2 Low, Overall Score 8 major - Low, Target Score 8 Major – Low

- CORRR0019 IT Resilience & Cyber Attack (Business Continuity) – Interruption to service or inability to provide IT services due to the loss of data centre or other critical infrastructure caused by factors such as fire, vandalism, cyber-attack, equipment malfunction. Impact 4 Major, Likelihood 4 High, Overall Score 16 Major – High, Target Score 8 Major – Low.

The direct risk is that without proper asset hardware inventory procedures and controls in place, the Council could suffer financial loss or loss of personal data through loss/theft of equipment and may have insufficient stock of usable IT equipment available to allow staff to carry out their duties effectively.

The Substantial assurance assessment indicates that the control framework in place to mitigate these risks is largely satisfactory, and the implementation of actions to fulfil the recommendations made in this report will further strengthen controls in this area, particularly regarding procedures for reporting lost/stolen equipment and returning equipment when staff leave the Council.

## 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 38 (37 on 10 August 2023) Internal Audit actions outstanding on 16 October 2023 (excludes actions for Angus Alive and IJB). CLT receive and review regular detailed reports on the outstanding audit actions.

- Table 1 identifies the number of 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 – 16 October 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	-	1	-	-	-	1
	2020/21	-	2	-	-	-	2
	2021/22	-	-	1	-	-	1
	2022/23	-	1	1	-	-	2
Legal & Democratic	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	1	-	-	1
	2022/23	-	-	-	-	-	-
Finance	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	-	1	-	-	-	1
Infrastructure & Environment	2019/20	-	-	-	-	-	-
	2020/21	-	1	-	-	-	1
	2021/22	-	-	-	-	-	-
	2022/23	-	-	-	-	-	-
SPT&PSR	2019/20	-	-	-	-	-	-
	2020/21	-	-	-	-	-	-
	2021/22	-	-	-	-	-	-
	2022/23	1	-	-	-	-	1
<b>Grand Total</b>		<b>1</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>10</b>

**Internal Audit Actions - In Progress – 16 October 2023**  
**(Not yet reached due date)**

<b>Directorate</b>	<b>Year Audit Carried Out</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Not Graded</b>	<b>Grand Total</b>
HR, DE, IT & Business Support	2021/22	-	-	-	-	-	-
	2022/23	3	8	7	3	-	21
Vibrant Communities & Sustainable Growth	2021/22	-	-	2	-	-	2
	2022/23	-	-	-	-	-	-
SPT&PSR	2021/22	-	-	-	-	-	-
	2022/23	-	4	1	-	-	5
<b>Grand Total</b>		<b>3</b>	<b>12</b>	<b>10</b>	<b>3</b>	<b>-</b>	<b>28</b>

**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. There are currently no Counter Fraud actions outstanding.

## DEFINITION OF ASSURANCE LEVELS, CONTROL ASSESSMENTS & RECOMMENDATION PRIORITIES

### Level of Assurance definitions

Level of Assurance	Definition
Comprehensive Assurance	There is a sound control framework in place designed to achieve the system objectives, which should be effective in mitigating risks. Some improvements in a few, relatively minor, areas may be required, and any residual risk is either being accepted or addressed by management.
Substantial Assurance	The control framework in place is largely satisfactory, however there are a few areas where improvements could be made to current arrangements to reduce levels of risk, and/or there is some evidence that non-compliance with some controls may put some of the system objectives at risk.
Limited Assurance	Some satisfactory elements are evident within the control framework. However, some significant weaknesses have been identified which are likely to undermine the achievement of objectives, and/or the level of non-compliance with controls puts the system objectives at risk.
No Assurance	The control framework is ineffectively designed and operated. The issues identified require immediate attention to address the risks to the Council which are currently unacceptable. Significant improvements are required.

### Control assessment definitions

Control Assessment	Definition
Red	Fundamental absence or failure of key control
Amber	Control objective not achieved – control is inadequate or ineffective
Yellow	Control objective achieved – no major weakness but scope for improvement
Green	Control objective achieved – control is adequate, effective & efficient

### Recommendation Priority definitions

Priority	Definition
1	Recommendation concerning the absence/failure of fundamental control which is critical to the success of the system. Major weakness which significantly impairs the overall control framework. Immediate management action required. <b>Very high-risk exposure.</b>
2	Recommendation concerning absence or non-compliance with key control which creates significant risks within the organisation. Substantial weakness identified. Prompt management action required. <b>High-risk exposure.</b>
3	Recommendation concerning absence or non-compliance with lower-level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened, and the risks reduced if it were rectified. To be addressed by management within a reasonable timescale. <b>Moderate risk exposure.</b>
4	Recommendation concerning minor issue, which is not critical, but implementation would improve the system and/or strengthen controls. To be addressed by management within a reasonable timescale. <b>Limited risk exposure.</b>