

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 28 NOVEMBER 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); and
- (iii) Note that revised Global Internal Audit Standards will be published early in 2024, that the Public Sector Internal Audit Standards (PSIAS) will be revised thereafter, and that changes to some aspects of the Council's documentation and procedures relating to Internal Audit will be required.

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 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 was advertised on PCS with a closing date of 30 October 2023 and after evaluation of tenders and a ten-day standstill period, the contract is in the process of being awarded. A recruitment exercise to fill the vacant auditor post will commence following completion of a review of the current career grade structure for Auditors.

3.7 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.



3.8 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 making 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 |
| Continuous Auditing - Payroll | Substantial | N/a | - | - | - | - |
| Continuous Auditing - Creditors Duplicate Payments | Comprehensive | N/a | - | - | - | - |

| Audit | Overall control assurance | Control assessment by objective | No. of Audit Actions by Priority | | | |
|---|---------------------------|--|----------------------------------|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| GDPR Compliance in Children, Families & Justice | Substantial |  | - | 1 | 1 | - |
| UK Shared Prosperity Fund | Substantial |  | - | - | 2 | - |

5. REVISED INTERNAL AUDIT STANDARDS

- 5.1 Revised Global Internal Audit Standards are expected to be published in January 2024. PSIAS, with which the Council must comply, is based on these standards and is expected to be updated during 2024 after the Global Standards are published.
- 5.2 The changes in both the Global Standards and PSIAS will become effective one year after the Global Standards are published although early adoption is also possible.
- 5.3 The revised Global Standards are expected to be more prescriptive than the previous standards and include documentation and procedures that the Council and the Internal Audit Service do not have in place currently. They include mandatory elements as well as strongly recommended best practice for audit services, the Chief Audit Executive (Service Leader), and the Audit Committee (Scrutiny and Audit Committee) covering five areas: Purpose, Ethics and Professionalism, Governing, Managing and Performing.
- 5.4 A further report will be brought to the Scrutiny and Audit Committee regarding required changes in our procedures and documentation, and a plan to implement them, once the final Global Standards have been published.

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

28 November 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 October 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, and the draft report is currently under review.

Two audits from the 2023/24 plan are being reported, as well as continuous auditing for Payroll and Creditors.

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>) |
|---|----------------|----------------------|--------------------------------|---|---|
| Corporate Governance | | | | | |
| 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 |
| Financial Governance | | | | | |
| Payroll continuous auditing April to June 2023 July to Sept. 2023 | On-going | Complete Complete | Comprehensive Substantial | N/a | Aug 2023 Nov. 2023 |
| Creditors continuous auditing Duplicate Payments April to June 2023 July to Sept. 2023 | On-going | Complete Complete | Comprehensive Comprehensive | N/a | Aug. 2023 Nov. 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 |  | Oct. 2023 |
| IT Governance | | | | | |

| Audits | Planned | WIP status | Overall control assurance | Control assessment by objective | S&A committee date / (target in italics) |
|---|------------------|--|----------------------------------|---|---|
| Digital Strategy and Governance – Consultancy (2022/23 plan) | Feb./Mar. 2023 | Complete | N/A | N/A | Aug. 2023 |
| Cyber security (2022/23 plan) | April 2023 | Complete | Substantial | N/A | Aug. 2023 Exempt report 225/23 |
| Internal Controls | | | | | |
| 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 |
| Asset Management | | | | | |
| IT Asset Hardware Inventory (2022/23 plan) | March/April 2023 | Complete | Substantial |  | Oct. 2023 |
| Housing Void Management | TBC | On hold | | | <i>TBC</i> |
| Legislative and other compliance | | | | | |
| 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>Jan. 2024</i> |
| GDPR Compliance in Children, Families & Justice | Sept. 2023 | Complete | Substantial |  | Nov. 2023 |
| UK Shared Prosperity Fund | Oct. 2023 | Complete | Substantial |  | Nov. 2023 |

| Audits | Planned | WIP status | Overall control assurance | Control assessment by objective | S&A committee date / (target in italics) |
|--|-------------------------|-------------|---------------------------|---------------------------------|--|
| Consultancy and Advice | | | | | |
| Organisational resilience (2021/22 plan) | August / September 2023 | In progress | | | <i>Jan. 2024</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 2023/24 was agreed at their Finance & Audit Sub-committee on 9 June 2022. On piece of work has been completed and reported, and work has commenced on the next audit in the plan.



The IJB Annual Internal Audit plan for 2023/24 has now been agreed, and the work to be undertaken by our team is currently being planned.

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 |
| Continuous Auditing – Payroll July – Sept. 2023 | Substantial | N/a | - | - | - | - |

| Audit | Overall control assurance | Control assessment by objective | No. of Audit Actions by Priority | | | |
|--|---------------------------|--|----------------------------------|---|---|---|
| | | | | | | |
| Continuous Auditing – Creditors Duplicate Payments | Comprehensive | N/a | - | - | - | - |
| GDPR Compliance in Children, Families & Justice | Substantial |  | - | 1 | 1 | - |
| UK Shared Prosperity Fund | Substantial |  | - | - | 2 | - |

Data Analysis/Continuous Auditing

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

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

We are reporting on Payroll and Creditors duplicate payments for July to September 2023.

Payroll - Substantial assurance

For July – September 2023 we checked

- the top 10 payments
- for duplicate NI number
- for No NI number
- Duplicate bank accounts

In both August and September, 2 instances of overpayments to staff were highlighted by our analysis. In all cases, Payroll had already identified the overpayments, which had been caused by errors, and these were in the process of being rectified.

Creditors Duplicate Payments - Comprehensive assurance

No duplicate payments were identified for July to September 2023.

GDPR Compliance in Children, Families & Justice

Background & Scope

As part of the 2023/24 annual plan, Internal Audit has completed a review of the processes and controls in place for GDPR compliance in Children, Families & Justices (CFJ). The co-operation and assistance given by all members of staff in the course of the audit is gratefully acknowledged.

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 CFJ 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.

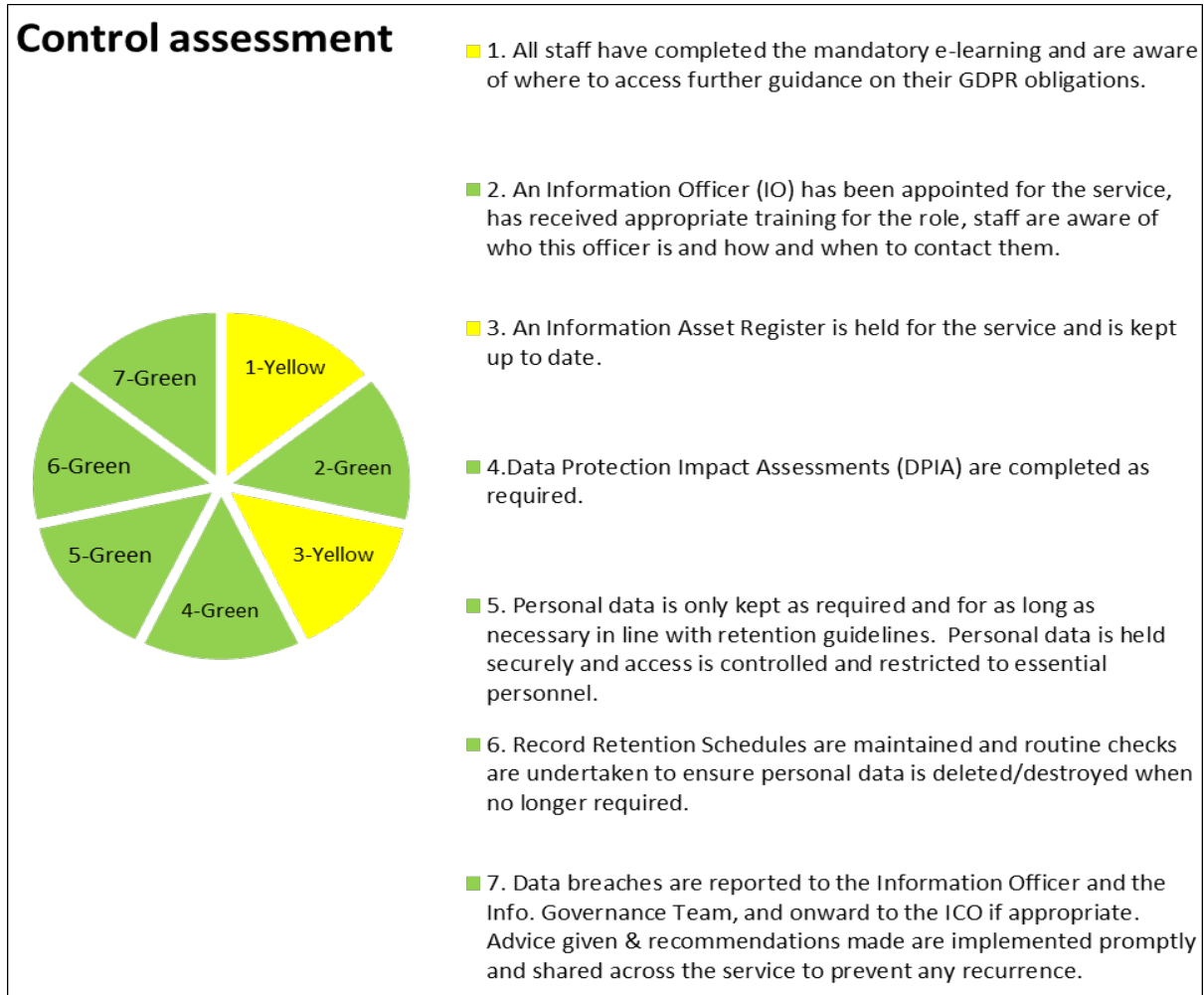
We interviewed staff with responsibility for GDPR, issued a questionnaire to a random sample of thirty CFJ employees, and visited the CFJ Archive (Brunton Block). We reviewed this information against an internally generated risk and control matrix based on the above control objectives, and the findings were documented.

Conclusion

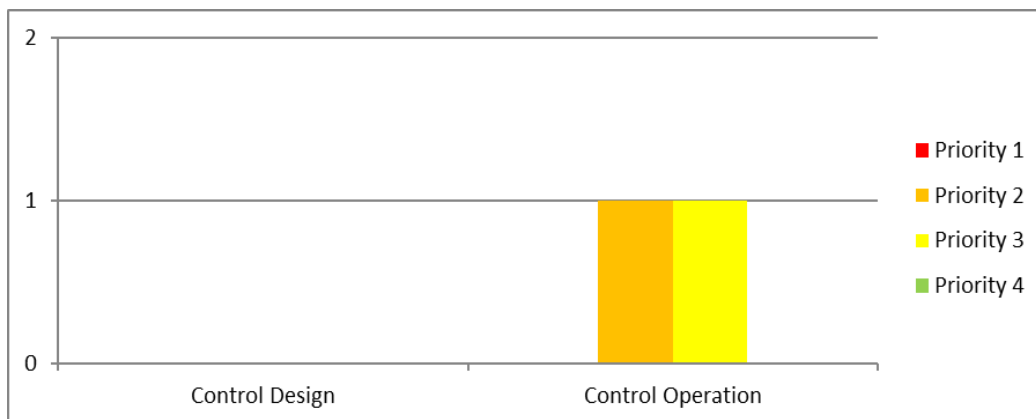
The overall level of assurance given for this report is '**Substantial Assurance**'.

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 one Priority 2 and one Priority 3 Control Operation recommendations in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- The Information Officers are very knowledgeable on GDPR and keep comprehensive files with information kept up to date.
- The CFJ Information Team sends a regular report highlighting breaches and resulting actions to the CFJ Management Team.
- CFJ have included Information Governance Top Tips within their departmental SharePoint.

Planned Improvements/Changes:

- The CFJ Information Team has created an action plan on Pentana to highlight the tasks that they wish to accomplish. This includes further development of the Brunton Block, creating specific GDPR training for services, transfer of files from the server to SharePoint, and investigating the information governance requirements on Eclipse.

Areas Identified for Improvement:

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

Level 2

- Team Leaders/Managers should ensure that all staff within their teams have completed the annual mandatory e-learning Information Governance course.

Level 3

- At the annual review, the CFJ Information Governance Team should agree how long they can delay the population of the Information Asset Register.

Impact on Risk Register

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.

UK Shared Prosperity Fund

Background & Scope

As part of the 2023/24 annual plan, Internal Audit has completed a review of the Council's compliance with the UK guidance on the application, recording and monitoring of the UK Shared Prosperity Fund (UKSPF). The co-operation and assistance given by all members of staff during the audit is gratefully acknowledged.

The UKSPF, a succession to EU Structural Funds, is a central pillar of the UK Government's Levelling Up agenda and forms part of a suite of complementary levelling up funding, building on the competitive Levelling Up Fund and Community Ownership Fund. It provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation of revenue and capital funding, via a funding formula rather than a competition. The initial preparation for Angus Council was reported to the Policy & Resources Committee, 21 June 2022, report 151/22 refers.

There are three UKSPF investment priorities:

- Communities and Place
- Support for Local Business and
- People and Skills.

UKSPF allocations are split between Core Funding and Multiply. Multiply aims to help transform the lives of adults across the UK by improving their functional numeracy skills. These can be aligned to the Council Plan of economy, people, and place.

Angus Council allocated funding is detailed in the table below.

| Year / Type | 2022/23 | 2023/24 | 2024/25 per report to P&R 289/23) (indicative) | Total Funding |
|--------------|-----------------|-------------------|--|-------------------|
| Core Funding | £513,891 | £987,782 | £2,567,990 | £4,069,663 |
| Multiply | £256,823 | £296,335 | £296,334 | £849,512 |
| Total | £770,714 | £1,284,117 | £2,864,324 | £4,919,175 |

Funding received £770,714 February 2023 and £1,284,117 July 2023 which is ring fenced for UKSPF projects.

Scope

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

- The Council is complying with the UKSPF guidance, that the Investment Plan for Angus was submitted on time and subsequent reports have been issued as required.
- Supporting evidence is held for projects which are linked to the three UKSPF investment priorities.
- Record management is effective.
- Angus Council members are kept up to date with the UKSPF allocation and spend.

Supporting documents for current projects in the Investment Plan were reviewed, and interviews held with relevant staff. An internally generated risk and control matrix was used to document the work done.

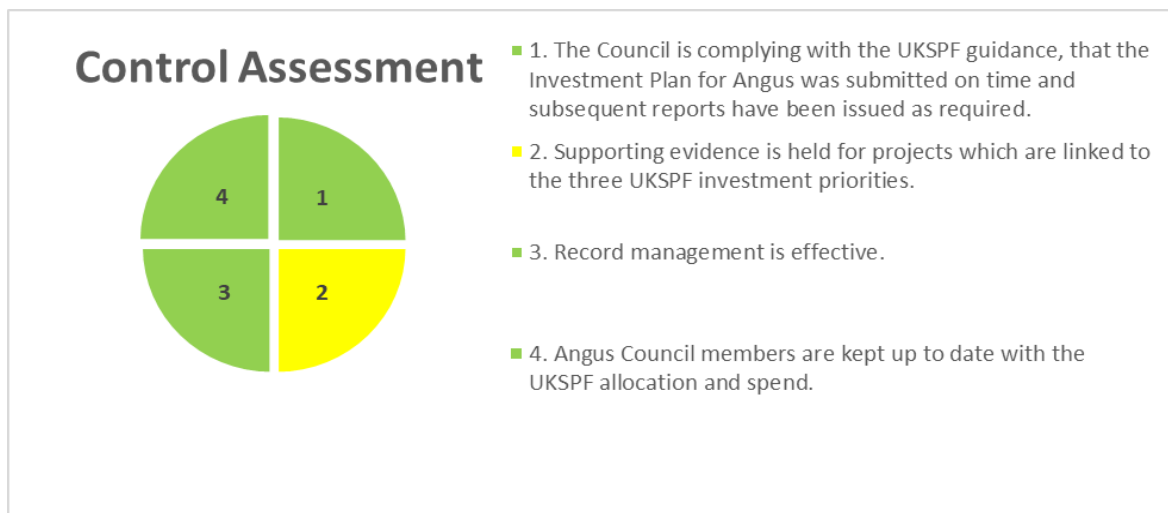
Conclusion

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

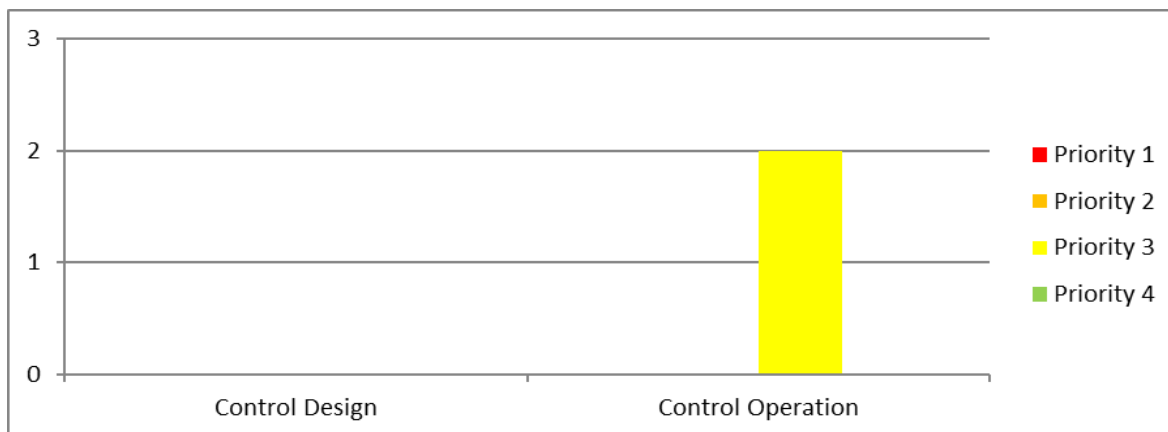
The file structure to ensure all information is held in a logical manner is in place, but staff are aware this is a work in progress and have a timeframe to ensure all project files hold the relevant information.

Overall assessment of Key Controls

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



Audit Recommendations summarised by Type & Priority



There are two operational control recommendations in this report, both priority 3.

Key Findings

Areas Identified for Improvement:

We have made 2 recommendations to address items that are currently low risk exposure. Officers are aware that these actions are required to fully populate the evidence files and are working on updating the files. We have made the recommendations so that the completion of these tasks can be tracked given that previous grants had gaps in evidence that took significant input to update at a later stage in the process. The areas are:

Level 3

- Completion of the project checklists and collation of supporting documents in project files should be carried out by the Development Officer (UKSPF) to ensure the current status of each project is available.
- An admin. folder should be established to hold evidence of the salary of the Development Office (UKSPF) and any other admin. costs which may be incurred. A discussion should be held with the service accountant in Finance to ensure that the admin. costs are accounted for correctly on Integra.

Impact on Risk Register

The Corporate Risk Register held on Pentana does not include any risks relevant to this audit and Vibrant Communities do not have their own risk register on Pentana.

The direct risk is failure to ensure the UK Government conditions on UK Shared Prosperity Fund are fulfilled, and all relevant documents are maintained for future reviews, either of which may result in clawback of funding.

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 39 (38 on 16 October 2023) Internal Audit actions outstanding on 20 November 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 are currently overdue
- Table 2 shows the number of actions which would have been overdue but have had the **original completion date extended**.
- Table 3 details all other actions which are **currently in progress** (not yet reached due date).

Internal Audit Actions – Overdue – 20 November 2023

| Directorate | Audit Year | Level 1 | Level 2 | Level 3 | Level 4 | Not Graded | Grand Total |
|-----------------------------------|------------|---------|---------|---------|---------|------------|-------------|
| HR, OD, DE, IT & Business Support | 2019/20 | - | 1 | - | - | - | 1 |
| | 2020/21 | - | - | - | - | - | - |
| | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | - | 1 | 1 | - | - | 2 |
| Grand Total | | - | 2 | 1 | - | - | 3 |

Internal Audit Actions - In Progress – 20 November 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 | 2020/21 | - | 2 | - | - | - | 2 |
| | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | - | 1 | 2 | - | - | 3 |
| Legal, Governance & Change* | 2020/21 | - | - | - | - | - | - |
| | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | 1 | 3 | 1 | - | - | 5 |
| Finance | 2020/21 | - | - | - | - | - | - |
| | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | - | 1 | - | - | - | 1 |
| Infrastructure & Environment | 2020/21 | - | 1 | - | - | - | 1 |
| | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | - | - | - | - | - | - |
| Grand Total | | 1 | 8 | 3 | - | - | 12 |

*Actions allocated to the Governance & Change Team, previously reported against SPT & PSR, are now reported under Legal, Governance & Change following service restructuring.

**Internal Audit Actions - In Progress – 20 November 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 | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | - | - | - | - | - | - |
| | 2023/24 | - | 1 | 1 | - | - | 2 |
| HR, DE, IT & Business Support | 2021/22 | - | - | - | - | - | - |
| | 2022/23 | 3 | 7 | 4 | 3 | - | 17 |
| | 2023/24 | - | - | - | - | - | - |
| Vibrant Communities & Sustainable Growth | 2021/22 | - | - | 1 | - | - | 1 |
| | 2022/23 | 1 | 1 | - | - | - | 2 |
| | 2023/24 | - | - | 2 | - | - | 2 |
| Grand Total | | 4 | 9 | 8 | 3 | - | 24 |

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 – to be updated.

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. |