Internal Audit Update

July 2021

Contents

Internal Audit Reports Recently Issued

Since the last Internal Audit Update report in April 2021, Internal Audit has completed nine reviews and a full copy of each report has been circulated to members of the committee. Two follow up reviews of low assurance audits have also been completed with a reassessed assurance rating awarded.

The assurance given and number of issues raised for each review is summarised below:

Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
Risk Management	Medium ●	0	0	5
ICT Capacity & Resilience	Medium ●	0	0	4
Accounts Payable & Payroll	High ●	0	0	1
Treasury Management	Medium ●	0	0	3
Capital Management	Medium ●	0	0	3
Revenues & Benefits 2020-21	High ●	0	0	0
Project Management - SC2	Medium ●	0	1	2
Community Living Schemes	Medium ●	0	0	3
Ysgol Bro Cinmeirch	Medium ●	0	0	5
Project Management – Queen's Building follow up*	Medium ●	N/a	N/a	N/a
Contract Management follow up*	Low ●	N/a	N/a	N/a

* Follow Up of audits previously awarded a low assurance rating. It should be noted that the updated opinion is based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercises is not to retest the operation of controls which have already been assessed, but to review how management has responded to the action plans following our initial work. The Follow Up reports for Project Management – Queen's Buildings and Contract Management are available in full as part of separate agenda items.

Risk Management – June 2021

Medium Assurance ●   Number of Risk Issues: 5 Moderate ●

The purpose and scope of this review focused on the management of the key corporate risks from the Corporate Risk Register not covered in other assurance reviews. The review considered the effectiveness and performance measurement of controls and procedures for monitoring and reporting. Seven of the corporate risks were reviewed, relating to: safeguarding; economic and financial environment; serious event e.g. weather or public health event; Senior Leadership capacity; fraud and corruption; partners; and Ash Die Back.

The review found that, overall, there are appropriate mechanisms and procedures in place to identify and evaluate the key corporate risks. Ongoing progress has been made to implement and embed the concept of risk appetite within the Council. Risk owners demonstrated strong risk awareness and understanding of the impact of risk crystallisation on both the Council and the public. Five risk issues were raised with actions agreed to:

- Further improve identification and prioritisation of controls as mitigations.
- Clarify how risk managers measure the performance and efficacy of controls.
- Provide more frequent and targeted scrutiny of higher severity risks, particularly where the residual risks is above the corporate risk appetite.
- Consider the role and function of the Corporate Safeguarding Panel as risk mitigation in relation to corporate safeguarding.
- Consider the role and function of strategic partnerships in order to measure and monitor how they serve as risk mitigation.

The review concludes that demonstrable progress has been made in implementing the Council's risk management framework with the appropriate inclusion of high impact risks in the corporate risk register. Further enhancements are required in the identification, evaluation and measurement of key risk controls to provide assurance that the Council is managing its strategic risks effectively.

ICT Capacity & Resilience – July 2021

Moderate Assurance ●   Number of Risk Issues: 4 Moderate ●

The purpose of the review was to assess how well the existing ICT resource supported service delivery and whether it is sustainable. The scope focused on: IT Disaster Recovery Plans and Business Continuity Plans and testing, fall-back arrangements, monitoring and management of network bandwidth capacity, staff capacity including workforce planning specific to ICT.

Our review confirmed that key ICT governance documents are in place; such as the Digital Strategy, Information Security Policy, Service Business Continuity Plan (BIM) and Disaster Recovery Management plan, and key officers had good knowledge of them. The Disaster Recovery Management plan and Information Security Policy are currently being reviewed. The review of the disaster recovery plan was delayed due to the pandemic.

The number of remote access to the Council's network has nearly quadrupled since the pandemic and first national lockdown in March 2020. Despite having mechanisms in place for monitoring the capacity of network bandwidth usage, the current process does not allow monitoring of busy periods.

The ICT function works closely with services to upgrade and improve systems to strengthen overall capacity and resilience.

The council has two server rooms that act as fall-back for each other providing resilience. Arrangements are in place with a supplier to provide a transportable hardware unit to restore systems if servers are inaccessible during a disaster; however, testing of the effectiveness of the arrangements has not been performed in recent years.

The ICT service has experienced difficulties in recruiting and retaining staff, largely due to certain roles being more specialist and other organisations paying more competitive salaries. Efforts have been made to address some of these issues, such as: in-house promotions and the introduction of learning agreements for staff who undertake work-based courses. However, no formal workforce planning exercise has been performed for the service in recent years. Four risk issues were raised with actions agreed as follows:

- Timetable developed to prompt review of key ICT policies and plans.
- Work with external partners to improve bandwidth monitoring reporting mechanisms.
- Test external disaster recovery solution.
- HR to lead workforce planning exercises across all services including ICT.

Accounts Payable & Payroll – July 2021

High Assurance ●   Number of Risk Issues: 1 Moderate ●

Purpose of this review was to review the processes and controls used by both Payroll and Accounts Payable. The review considered the impact of Covid-19 on the control environment, including any changes to existing procedures and resource implications. Included within the scope of this financial services audit was the use of Purchasing Cards and emergency CHAPS payments.

The review found that there were effective controls and procedures in place across both Payroll and Accounts Payable (AP). These had been updated and enhanced to withstand the challenges presented by the Covid-19 pandemic.

AP has experienced a sharp increase in the volume of new creditors and grant payments as a result of Covid-19, data analysis testing (using Active Data for Excel) found that controls are largely effective. In the instances where duplicate payments or errors have occurred, the monitoring and reclaiming process has worked well. The extensive documentation of procedures and provision for staff absence reduces key officer and business continuity risk.

Sample testing was conducted on emergency CHAPS payments. Recording of the rationale for, and payment approval of, emergency CHAPS payments needs to be consistently adopted to avoid error and duplicate creditor payments being made.

Controls and procedures over the use of purchasing cards, such as two stage authorisation and submission of supporting receipts, remain broadly effective. Sample testing found the increased use of PayPal and eBay by cardholders. There is currently no specific policy for online purchases where card details are stored online. While purchasing

cards do not fall within the strict remit of Accounts Payable, we have included an issue for management to address as part of this financial services review.

Payroll processes have become more electronic since March 2020 with internal policies reviewed to ensure they reflect any changes. As a result, Payroll was well placed to respond to changes to working practices as a result of Covid-19.

Treasury Management – May 2021

Medium Assurance ●   Number of Risk Issues: 3 Moderate ●

There is robust governance oversight and challenge of the Treasury Management (TM) strategy provided by the Governance and Audit Committee. Performance against the Prudential Indicators (PIs) is monitored biannually in compliance with the 2017 CIPFA Prudential Code. The Treasury Management Policy Statement has also been updated to incorporate the prescribed text set out in the CIPFA TM Code.

Whilst primary risks such as interest rate and credit rate risk are being monitored, the TM risk register has not been updated since 2019 and does not accurately identify current and emerging risks. Operational risks such as key officer risk have been identified; however, associated controls have not been fully implemented.

There are good controls designed to ensure the separation of TM duties, appropriate authority levels and compliance with borrowing and investment limits.

Our review acknowledges the additional demands Covid-19 has placed on the finance team. The pandemic has impacted the Council's cash flow position to varying degrees over the last twelve months and has increased pressure in making short term loans and emergency payments. In light of this, consistency and transparency in recording TM decisions is vital. It would be beneficial to consider ways of improving the recording of TM decisions to ensure consistency and transparency and to provide a robust audit trail.

Overall, the review found effective controls have been identified by the finance team and good examples of working practices including the separation of duties, rota system and TM approvers' checklist. Only minor weaknesses were identified.

Capital Management – May 2021

Medium Assurance ●   Number of Risk Issues: 3 Moderate ●

Overall, the review identified there were effective controls in place and good examples of working practices and only minor weaknesses were identified.

There are clear high level capital management rules set out in the Financial Regulations in the Constitution with guidance in the annual Capital Strategy Report. As a standalone strategic overview it would be beneficial to cross refer to the Medium Term Financial Plan (MTFP) and the Council's corporate priorities as set out in the Corporate Plan. Due to the pressures of Covid-19 a Medium Term Financial Strategy was not completed in 2020 but was in the process of being developed.

Governance oversight is achieved through monthly finance reports to cabinet which include capital investment recommendations from the main capital working group, the Strategic Investment Group (SIG).

The Asset Management Group and Strategic Investment Group act as control mechanisms for the effective use of the council's assets and scrutiny of capital expenditure respectively. The Terms of Reference for both groups require review.

Capital investment decisions generally comply with approved governance processes.

Improvement areas consisted of the following:

- Documenting capital management procedures to cover the end to end process
- Strengthen arrangements around the finance asset register to ensure secure and accurate recording of the council's assets.
- Review and update terms of reference for the Asset Management Group and Strategic Investment Group.

Revenues & Benefits – May 2021

High Assurance ●   Number of Risk Issues: 0

Governance arrangements over the Civica partnership were unaffected by the Covid-19 pandemic and continue to operate well as, for example, both the Strategic and Operational boards met regularly. The partnership risk register has been updated to include Covid-19 risks.

Operationally, performance has been clearly impacted across the service because of the Covid-19 pandemic with seven of the eleven Key Performance Indicators (KPIs) being rated as 'amber' or 'red' at the conclusion of our review. Performance is unlikely to recover by the financial year end in some areas, due to the extenuating circumstances, and this is regularly monitored at Operational Board meetings.

The Department for Works and Pensions (DWP) provided initial delivery guidance at the start of the first lockdown and Benefits staff developed processes around this, particularly where the claimant was unable to provide supporting evidence. No further advice has been provided since, so we have suggested that the small number of cases this affected be reviewed to ascertain if evidence has now been received. Testing of a sample of discretionary housing payments (DHPs) was overall positive with a completed application form and evidence provided in support of their DHP eligibility; and applications being appropriately approved.

The implementation of the Free School Meals (FSM) payments process during the first Covid-19 lockdown required adaptability in redesigning application forms to capture bank details, and devising a process to make payment as the current system was not designed for this purpose. Civica staff carried out data validation checks prior to making payment, and we were also involved in analysing data to prevent erroneous payments. During this review, our sample testing was overall positive, e.g. a FSM application form and supporting evidence was held to verify eligibility.

Administering the significant number of Covid-19 business grant applications has clearly impacted the Business Rates function with staff working overtime to meet tight timescales. As well as the data validation checks carried out by Civica staff prior to payment, we have performed data analysis of applications from the first lockdown to assist with preventing duplicate payments. Out of 6,887 payments reviewed, only three duplicates were detected by us and a further three by Civica.

Within Sundry Debtors, staff have assisted other areas where there has been significant demand, such as processing hardship forms for businesses that are struggling. The number of invoices and credit notes raised has been substantially reduced as payments were suspended in key areas, e.g. garden waste, commercial rents, leisure, etc.

Some Council Tax staff also provided support in other areas, such as benefits and business rates, during the pandemic. Our sample testing for accounts where recovery is on hold was overall positive.

Write offs of debts for benefit overpayments, business rates, council tax and sundry debtors have been minimal because of capacity, but also because the process requires physical signatures, which logistically is difficult as staff and elected members continue to work from home. The Head of Finance & Property explained that this is under review and an alternative solution is being pursued

The Revenues and Benefits service has had to be adaptable in developing new processes quickly and undertaking new activities as a result of Covid-19, but controls and key risks have been managed effectively.

Project Management of SC2 – July 2021

Medium Assurance ●   Number of Risk Issues: 1 Major ●   2 Moderate ●

This review forms part of our review of Programme and Project Management with two other reviews i.e. Rhyl Regeneration Programme and Queen's Buildings Project Management reported to the committee previously. The scope covered: roles and responsibilities and governance arrangements, finance and grant funding, project delivery and risk management.

SC2 was a large and ambitious regeneration project for the council. The project has been recorded as closed on the project management system (Verto). There is evidence that it followed corporate project management guidance for a large project; comprising a designated project manager, project executive and a separate project board. Effective scrutiny was provided by the project board, which met regularly and was well attended.

The original business case is very detailed, particularly in terms of the financial analysis, and there was extensive scrutiny of its content, both internally and externally. A small

number of key elements expected of a business case were not included, e.g. project risk assessment and the revised business case for TAG Active did not include an options appraisal similar to that outlined in the original business case.

Full Council approved the original business case due to the significant risks involved and financial commitment required. The Strategic Investment Group (SIG) also approved it and the TAG Active revised business case. The Corporate Executive Team (CET) discussed the revised charging structure within the third revised business case. While the relevant lead member was involved, further consultation was not carried out with members considering this was a significant change to that contained in the original business case.

The actual income level for 2019/20 was lower than forecasted in the business case. Income levels have since been significantly impacted by the Covid-19 pandemic. SC2 was conceived as a regeneration investment for Rhyl and by approving the original business case, elected members were made aware of the financial risks involved by undertaking the project.

We had difficulties in obtaining financial information during our review; due to the Covid-19 pandemic as staff had other work priorities, and key staff leaving the council. Therefore, we have not been able to complete analysis work in this area. We were able to confirm that detailed financial analysis and monitoring was carried out at key stages of the project and, at the time of our review, a funding shortfall of £133,000 was reported, to be covered by additional prudential borrowing.

There were instances where Contract Procedure Rules (CPRs) have not been adhered to with the procurement of an ICT contract for SC2 and another involving a financial payment arrangement with a contractor.

Most key project management information is accessible and up-to-date with a milestone log maintained to reflect any delays, and regular highlight reports prepared. However, a project closure report has yet to be completed to capture details such as good practice, lessons learnt and benefit realisation plan for any benefits that have yet to be realised.

While one major risk issue is raised (relating to non-compliance with CPRs) and continuing financial commitment for SC2, overall, for such a large and ambitious project, there was generally a suitable system of governance, risk management and control.

Community Living Schemes – May 2021

Medium Assurance ●   Number of Risk Issues: 3 Moderate ●

There are examples of good mechanisms and processes in place for the monitoring of the clients' information. There are a number of officers involved in the community living scheme process to ensure clients' needs are met in line with the Mental Health Capacity Act 2005. However, there is no documented procedures for the processes completed to allow for business continuity and consistency.

There are 43 AHSC (Additional Housing Services Charge) accounts for properties where clients who in receipt of housing benefits contribute funds for the management costs of properties where they reside, mostly relating to the communal areas. The controls appear to be satisfactory to ensure accounts are being used for the intended purposes. Monitoring of balances are performed and reimbursement are paid to clients' individual accounts annually to reduce excessive balances. However, despite efforts to reduce balances by reviewing the AHSC Calculator, reimbursing those who have incurred costs and purchasing items required for the properties, several properties continue to have excessive balances.

There is a coordinated approach to ensure clients' safety and needs are monitored; which involve the Receivership team, appropriate care providers, Client Support Officers and other services who provide support as required. The needs of clients are reviewed and recorded in care plans, provider team meeting minutes and annual property reviews. The Coronavirus Act 2020 provides modifications to the Social Services and Wellbeing (Wales) Act 2014 to ensure the best possible care for the most vulnerable in our society during this exceptional time. This has resulted in the service recording the clients' needs in other formats such as case notes and risk assessments.

Annual financial assessments are performed by the Financial Assessment Office Team; financial calculations are reviewed by the Receivership team and officers within Central Finance. Annual reports are produced and sent to the Office of Public Guardian (OPG) for clients that the receivership team are deputy officers for. However, there are weaknesses in the reconciliation process with no independent checks included in financial processes. At the properties, individual financial ledgers are maintained by appointed care providers.

Confirmation from a sample of care provider house managers confirmed regular reconciliations were performed to protect clients' funds; however, we were unable to verify this due to restrictions in place due to Covid-19.

We reviewed care provider agreements, which identified that a number of the agreements had been extended to March 2022 to allow the contracts and procurement officers to perform a thorough review of the agreements in place. This has been extended to March 2023 due to staff pressures as a result of the pandemic and staff absences.

Ysgol Bro Cinmeirch – June 2021

Medium Assurance ●   Number of Risk Issues: 5 Moderate ●

Our review of Ysgol Bro Cinmeirch identified satisfactory governance arrangements are in place for the governing body; with an effective mechanism for record keeping. Statutory committees are in place with up-to-date terms of reference, the exception to this is the Health and Safety Committee. Governors are required to complete mandatory training within 12 months of being appointed; however, not all governors at the school have completed this.

Key policies are available to view on the school's website with an agreed timetable in place for reviewing them to ensure they are up-to-date; however, not all the statutory policies have been reviewed and adopted by the governing body.

There are effective arrangements in place for the monitoring of the School Development Plan (SDP) and annual PLASC returns. Financial controls are robust where funds are paid through ParentPay (cashless school payment system), and there is an appropriate separation of duty in place for financial transactions. School fund certificates are audited annually and are up to date.

All governors have completed annual declaration of interest forms for their role.

There are good controls in place for site security with CCTV cameras installed, regular fire drills performed, and all visitors are required to sign in when visiting the school. Fire safety and health and safety assessments are also in place.

Five moderate risk issues were raised with agreed actions as follows:

- Training will be organised for all governors that have yet to complete the governor induction training module.
- Policy review timetable to enable monitoring of policies.
- School secretary to complete a 'how to' document to cover all aspects of school secretary and governor clerk key tasks and process to support business continuity.
- Complete an asset register for the school.
- School staff to complete a declaration of interest form.

Project Management: Queen's Building Follow Up – June 2021

Medium Assurance ●	Actions fully implemented	8
	Actions outstanding	4

Our original review of Project Management: Queen's Buildings was completed in January 2021 giving a low assurance rating.

Our review found that progress has been made in a number of areas since our last review with eight of the twelve actions being fully implemented. Outstanding actions were mostly delayed due to the project management system undergoing a tendering process:

- Project Management Guidelines have been updated but await outcome of project management system procurement process before finalising,
- The review of the Stage Review Group process will conclude once the new Project Management system is up and running to ensure roles and responsibilities are clear.
- Verto (Project Management system) access levels to be regularly reviewed.
- The Project Board is developing a mechanism so that project benefits can be effectively measured.

An updated opinion of medium assurance is given based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercise focused on reviewing how management has responded to the action plans following our initial work.

Contract Management Follow Up – July 2021

Low Assurance ●	Actions fully implemented	4
	Actions outstanding	7
	Actions not yet due	3

Our original review of Contract Management was completed in January 2020 giving a low assurance. In July 2020, Corporate Governance and Audit Committee identified that the original action plan contained actions which were no longer feasible given the suspension of Corporate Support Services Review at the height of the Covid-19 pandemic. A revised action plan was agreed at Corporate Governance and Audit Committee in January 2021 to provide assurance that suitable actions had been devised to address the issues identified in the original report. This first follow up review is to establish progress made in addressing those issues.

Limited progress has been made in addressing the actions as set out in the revised action plan agreed in January 2021. The full implementation of a number of the actions is dependent on the approval by SLT of the Contract Management Framework. The draft framework is schedule for SLT in July 2021. Ongoing resource pressures have also restricted the ability to provide appropriate contract management oversight, training and guidance.

Based on the extent of progress made in implementing the agreed actions we are providing an updated opinion of low assurance. This is based on the assumption that systems and controls as previously identified during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercise focused on reviewing how management has responded to the agreed action plan.

Progress in Delivering the Internal Audit Assurance

The table below provides an update on progress against the Audit Plan for 2021/22.

The internal audit structure continues to carry a vacant Senior Auditor post. We have extended the temporary contract for the Senior Auditor for another 12 months (to 31 December 2022) to cover the secondment (initially a redeployment) of the Senior Auditor to the Test, Trace & Protect Team which has now been extended to March 2022. The Chief Internal Auditor is also looking at buying-in audit resource from an external provider if possible to cover the capacity shortfall using budget made available from the vacant position. This is due to difficulties in recruiting Senior Auditors for what would be a short-term period.

Audits due to commence shortly include:

- Cefndy Healthcare
- Housing Rent Arrears
- Housing Maintenance

Internal Audit Update – July 2021

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
AONB Grant 2020/21	Complete	High ●	0	0	0	Annual accounts audit
Deprivation of Liberty Safeguards	Not yet started	-	-	-	-	2021-22. Awaiting revised Welsh Government guidance
Pupil Improvement Grant	Not yet started	-	-	-	-	Annual grant certification
Accounting Systems including Budgetary Control	Fieldwork	-	-	-	-	Carried forward from 2020-21
Recruitment & Retention	Complete	High ●	0	0	2	
School Audit: Ysgol Bro Cinmeirch	Complete	Medium ●	0	0	5	
Housing Support Grant 2020-21	Fieldwork	-	-	-	-	Nearing completion
Project Management: SC2	Complete	Medium ●		1	2	
Rhuddlan Town Council 2020-21	Complete	N/a				External fee earning work
National Fraud Initiative	Ongoing	N/a	N/a	N/a	N/a	2020-21 exercise
Revenues & Benefits 2020/21	Complete	High ●	0	0	0	
Capital Management	Complete	Medium ●	0	0	3	
Treasury Management	Complete	Medium ●	0	0	3	
Financial Services 2020/21: - Accounts Payable - Payroll	Complete	High ●	0	0	1	Review included Purchasing Cards and Emergency CHAPS payments
Community Living Schemes	Complete	Medium ●	0	0	3	
Data Protection & Freedom of Information	Complete	Medium ●	0	0	3	
Governance & Contract Arrangements with Denbighshire Leisure Limited	Draft Report	-				

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
ICT Capacity & Resilience	Complete	Medium 🟡	0	0	4	
Risk Management	Complete	High 🟢	0	0	5	
Governance – Decision Making	Fieldwork	-	-	-	-	
Procurement – Exemptions & Exceptions	Fieldwork	-	-	-	-	
Housing Rent Arrears	Scoping	-	-	-	-	
Direct Payments for Children 1st follow up	Complete	Medium 🟡	-	-	-	
Project Management: Queen's Building 1st follow up	Complete	Medium 🟡	-	-	-	
Contract Management 1st Follow Up	Complete	Low 🟠	-	-	-	
Support Budgets & Direct Payments: Adults 1st Follow Up	Complete	Medium 🟡	-	-	-	
General Fraud Enquiries	Ongoing	N/a	N/a	N/a	N/a	
Whistleblowing Investigation	Fieldwork	N/a	N/a	N/a	N/a	
Follow up audits	Ongoing	N/a	N/a	N/a	N/a	
School fund audits	Ongoing	N/a	N/a	N/a	N/a	
Corporate Governance Framework	Ongoing	N/a	N/a	N/a	N/a	
Corporate Working Groups	Ongoing	N/a	N/a	N/a	N/a	
Consultancy & Corporate Areas	Ongoing	N/a	N/a	N/a	N/a	
Team Meetings /1:1s	Ongoing	N/a	N/a	N/a	N/a	
Management	Ongoing	N/a	N/a	N/a	N/a	
Training & Development	Ongoing	N/a	N/a	N/a	N/a	

The audit of Wellbeing Impact Assessments may no longer be required in 2021/22 as this area will shortly be reviewed by Audit Wales as part of its national studies programme.

Internal Audit Update – July 2021

Progress with Counter Fraud Work

Counter fraud work carried out since the last internal audit update includes:

1. Providing advice on counter fraud to officers on request. This has included the emergency Covid-19 related grants for businesses.
2. National Fraud Initiative (NFI) update - Data matches for the 2020-21 exercises have been released. Training and awareness raising with services to enable review and investigation. Internal Audit has reviewed the recently released Covid-19 related business rates grants data matches to ascertain which matches may require further investigation.
3. Education Support continue to prompt schools to maintain up-to-date school fund certificates. Internal Audit provided guidance and direction to Governors Board on 17 June 2021 with schools Chairs of Governors in attendance.
4. The Strategy for the Prevention and Detection of Fraud, Corruption and Bribery and Fraud Response Plan was endorsed by the Senior Leadership Team. They are included as a separate agenda item for Governance & Audit Committee to comment and recommend for Cabinet to approve.
5. Alerts from the National Anti-Fraud Network (NAFN) relating to Business Rates Grants and potential Mandate Fraud reviewed with the relevant service and response taken accordingly.
6. Responding to Whistleblowing concerns which involve allegations of potential fraud.

Referrals 2021/22

While it is not Internal Audit's role to identify or investigate fraud, Internal Audit keeps abreast of potential fraud from a view of ensuring that any governance, risk management or control weaknesses are addressed.

Three allegations relating to potential fraud have been referred to Internal Audit during the financial year 2021/22: all three are currently under investigation.

Whistleblowing concerns are reported separately to Committee as part of the Annual Whistleblowing Report but are included in the above figures should there be an element relating to potential for fraud.

Internal Audit Update – July 2021

Internal Audit Performance Standards

The table below shows Internal Audit's performance to date for 2021/22.

Performance Measure	Target	Current Performance
Send a scoping document before the start of every audit	100%	100%
Issue draft report within 10 days of the closing meeting	Average days less than 10	2 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	1 day
Percentage of audit agreed actions that have been implemented by services	75%	42%

The audit agreed actions that have been implemented figure is always lower than the target at the start of the financial year and expect to improve over the course of the year. Covid-19 is also still affecting progress with some services areas placed under additional demands in terms of ongoing response to the pandemic.

Internal Audit are prioritising the completion of assurance work and continue to follow up previous reviews awarded a low assurance to ensure that necessary improvements are being made. While many actions are taking longer to resolve than originally envisaged by services, we are satisfied that progress is still being made to implement the requisite change.

Appendix 1 – Assurance Level Definition

Assurance Level	Definition	Management Intervention
High Assurance 🟢	Risks and controls well managed and objectives being achieved	Minimal action required, easily addressed by line management
Medium Assurance 🟡	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives.	Management action required and containable at service level. Senior management and SLT may need to be kept informed.
Low Assurance 🟠	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.	Management action required with intervention by SLT.
No Assurance 🔴	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.	Significant action required in a number of areas. Required immediate attention from SLT.

Risk Issue Category	Definition
Critical 🔴	Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Governance and Audit Committee.
Major 🟠	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT.
Moderate 🟡	Operational issues that are containable at service level.