

PLYMOUTH CITY COUNCIL

Subject:	Internal Audit – Half Year Report 2016/17
Committee:	Audit Committee
Date:	8 December 2016
Cabinet Member:	Councillor Darcy
CMT Member:	Lesa Annear (Strategic Director for Transformation & Change)
Author:	Robert Hutchins, Head of Devon Audit Partnership
Contact details:	Tel: 01752 306710
Ref:	AUD/RH
Key Decision:	No
Part:	1

Purpose of the report:

This report provides Members of the Audit Committee with a position statement on the audit work carried out since April 2016 and based on work performed to date during 2016/17, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control environment.

The Council's Corporate Plan 2016/19:

The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.

The delivery of the Internal Audit Plan assists all directorates in delivering outcomes from the Corporate Plan:-

- Pioneering Plymouth – by ensuring that resources are used wisely and that services delivered meet or exceed customer expectations;
 - Confident Plymouth - the Government and other agencies have confidence in the Council and partners.
-

Implications for Medium Term Financial Plan and Resource Implications:

Including finance, human, IT and land:

None.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

It is recommended that:-

1. The report be noted.
-

Alternative options considered and rejected:

None, as failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2015.

Published work / information:

Internal Audit Annual Plan 2016/17 – March 2016

Background papers:

None

Sign off:

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Originating SMT Member

Has the Cabinet Member(s) agreed the content of the report?

Internal Audit


Half Year Report 2016/17

Plymouth City Council
Audit Committee

December 2016

Not Protectively Marked

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

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Devon Audit Partnership	Confidentiality and Disclosure Clause
<p>The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.</p> <p>The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk .</p>	<p>This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation’s disclosure policies.</p> <p>This report is prepared for the organisation’s use. We can take no responsibility to any third party for any reliance they might place upon it.</p>

Introduction

The Audit Committee, under its Terms of Reference contained in Plymouth City Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 require that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2016/17 was presented to and approved by the Audit Committee in March 2016. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2016/17 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a report providing an opinion that can be used by the organisation to inform its governance statement. This report provides a position statement at half year on the progress towards that opinion.

Expectations of the Audit Committee from this half year report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- progress impact against strategic aims
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Robert Hutchins
Head of Audit Partnership

Assurance Statement

Overall, based on work performed from the current year progress and our experience previous years audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This assurance statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.

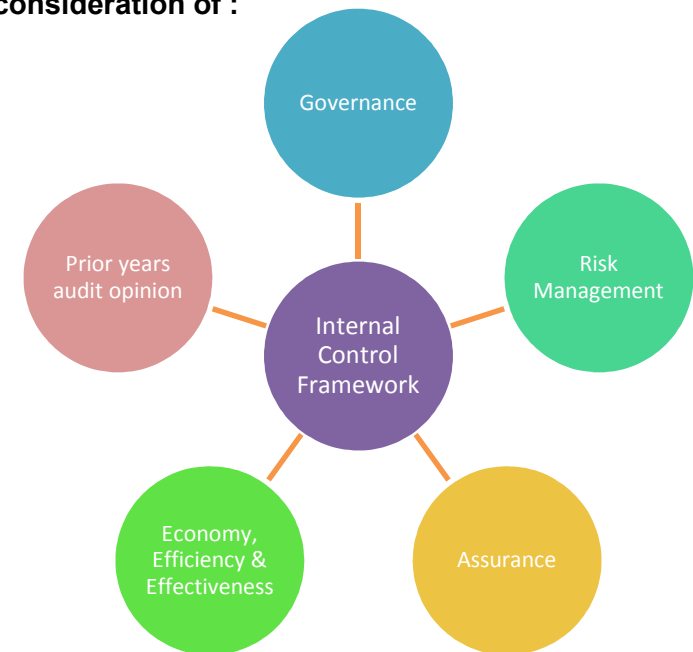
The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework.

Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2016/17. If significant weaknesses have been identified in a specific area, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2016/17.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans rests with management and are reviewed during subsequent audits or as part of a specific follow-up process.

We continue to be flexible in our approach and with the timetabling of audits to ensure that resources are assigned to specific areas of the plan to enable our work to be delivered at the most effective time for the organisation.

This statement of opinion is underpinned by our consideration of :



Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
No Assurance	Risks are not mitigated and weaknesses in control, and / or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

Progress Against Plan

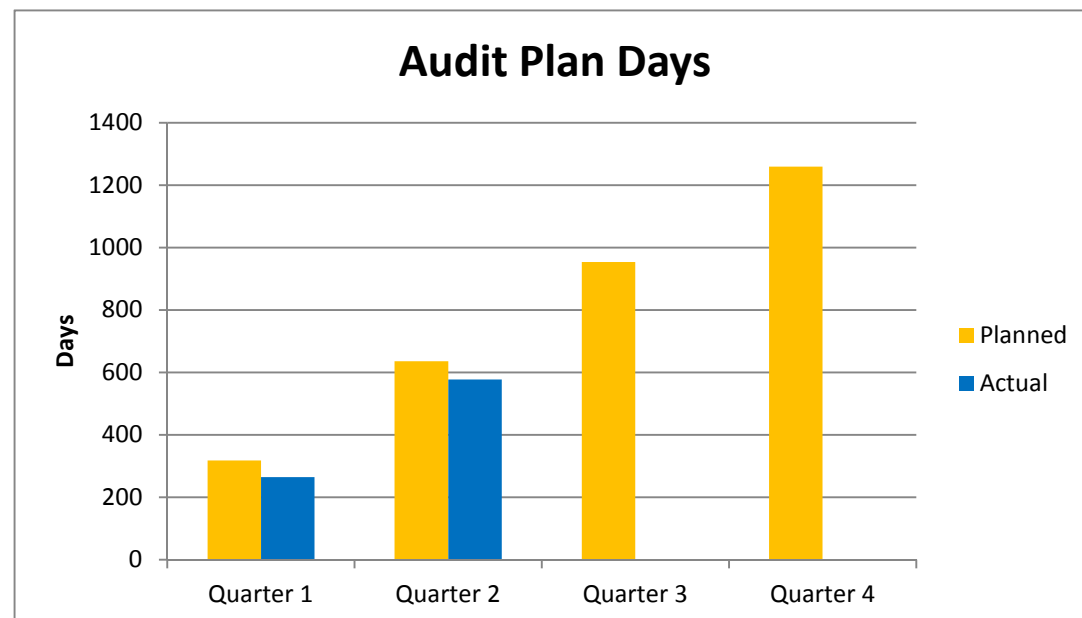
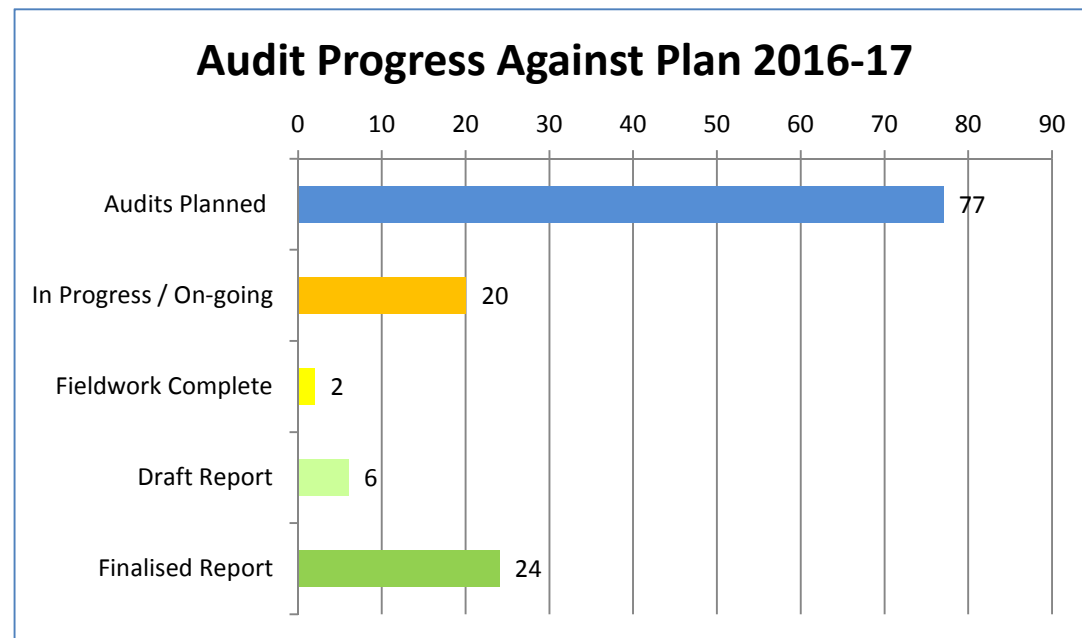
This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year.

The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations for the first six months of 2016/17. We have, additional to progress against plan, completed and finalised an number of audit reviews conducted as part of the 2015/16 Audit Plan.

Appendix 2 provides further performance information for the first six months of 2016/17.



Progress Impact Assessment

Our audits completed to date this year, in the majority of areas, provide assurance that identified risks are being minimised or mitigated where appropriate.

Transformation and Change

Several areas within the audit plan support key elements within transformational change and as our work progresses over the coming months, synergies may be identified with other projects. For example, income collection strategies involving front line services within People and Place and how these interface with the Commercialisation project within the Transformation programme.

Following on from the added value work conducted in respect of ICT retained client activities during 2015/16, work continues to look at progression in this key area. Work to assess the effectiveness of Cyber Security controls operated by Delt has commenced and further work to look at ICT Material Systems is planned for the third quarter of 2016/17 and will obtain assurance that Delt's operational procedures appropriately mitigate risks that could materially impact the Council's financial accounts.

The effectiveness of risk and opportunity management arrangements were found to vary across the Council, opportunities have been identified that would enable the use of real time risk and opportunity information allowing the flow and use of risk information as part of day to day management.

Place

Our review of Planning Compliance identified opportunities that would increase capacity within the team as well as improve management information, data quality, customer satisfaction and realise further efficiencies through better utilisation of resources. Potential opportunities to explore options for further innovation, joint working and income generation were also highlighted.

Our engagement in the evaluation and moderation of the bids for the new Highways Maintenance contract has proved beneficial to ensure that a consistent and fair approach was followed throughout. Our initial findings are that the planning stage for mobilisation is well placed. We will continue to provide challenge, advice and best practice guidance during the

mobilisation of the new contract, due to commence in 2017, working with the Project Team and Programme Board to ensure that the transition from the current contractor to their successor is as seamless as possible, for example the interfaces between Council and contractor IT systems.

The principles, in terms of lessons learnt around contract management need to be taken forward by the Council as a whole and by teams/officers responsible for managing contracts in the future. As part of this, Audit will continue to work with the team overseeing the PFI Waste contract to ensure that robust contract monitoring and assurance plans are in place.

People

The Material System reviews, involving the use of CareFirst, continue to highlight the complexity of social care and the need to ensure suitable communication between front line workers and support functions as the Local Authority structure changes.

The People Directorate has made significant progress in joining up Health and Social Care Budgets and Commissioning, progressing in the summer of 2016 to the Plymouth and Western System Development Board. This move requires realignment of the planned audit work as a greater understanding of the change is developed. The planned work on the Success Regime will also need to be reviewed to take into account the Sustainability and Transformation Plan. Liaison with audit colleagues in the NHS enables sharing of knowledge and learning on the Regime.

The progress on integration continues to pose risks to which we can provide assurance on their management, along with independent advice on the potential of the continuation of the partnership working between local public bodies and service providers.

The effect of national policy and the restrictions it applies during integration are considered a limiting factor and will continue to have a "dragging effect" on the pace of change, and until a change is made at national level this limiting factor is considered to be a constant.

The audit plan for the remainder of the year is well placed to support the ongoing goals of the People Directorate and provide assurance to key stakeholders.

Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:

- providing objective and relevant assurance;
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Officers have found our engagement and support as a “trusted advisor” effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following areas:

Transformation and Change

- Operational effectiveness of the core financial systems supporting reduction on staff resources whilst maintaining the control framework;
- Reviewing the tender evaluation processes for significant contracts;
- ICT audit resources are being used to support the Information Management and iTrent projects, as appropriate;
- Collaborative working with the Corporate Risk Team will continue to raise the profile and understanding of risk and opportunity management and strengthen existing arrangements;

Place

- Continued support, advice and challenge on the contract management arrangements relating to the South West Devon Waste Partnership, to ensure that the City Council’s interests are protected;
- Audit’s participation in the Highways Maintenance (HM17) project, including involvement in the design of the evaluation process, the checking of key documents and the monitoring of the moderation process has contributed to ensuring that the final outcome has been

reached correctly by following best practice and the processes published in the tender documentation. This, in turn, has assisted in mitigating the risk of successful challenge by unsuccessful bidders;

People

- The Integrated Commissioning Finance and Assurance Review Group including Risk Management, Governance and the Pooled Fund Manager;
- Providing independent input and challenge to the Integrated Health and Wellbeing Programme.

Schools

The Partnership informs and attends the School Health Check process to provide the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit’s performance data provides a greater focus on those schools causing concern in the wider control environment. The result of our input was:

- 3 schools were highlighted as of concern for audit to undertake follow-up reviews;
- Safeguarding – single central record will be ‘dip tested’ at 5 schools to inform the possible need for a wider assurance review;
- intervention reviews will be made to two further schools by the Governor Consultant and School Improvement.

The culmination of this work should, once complete, lift the performance of these schools.

Executive Summary - Audit findings

Transformation and Change

In our opinion, based upon our audit work completed, 'watching briefs' and direct advice provided for on-going projects so far in 2016/17, we are able to provide assurance that identified risks are being managed or mitigated where appropriate and internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Based on audits completed and on indications from previous and on-going work, we are able to report that key financial system controls are well maintained and where weaknesses have been identified, management have responded positively to our recommendations.

The continued reductions in government funding have meant that the Council has had to review the provision of services and how they are delivered. As service areas look to review and transform, Audit are providing an independent review of ways to streamline service delivery and processes, for example Trade Waste, Integrated Health and the management of contracts.

The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 2.

Key Risks / Issues

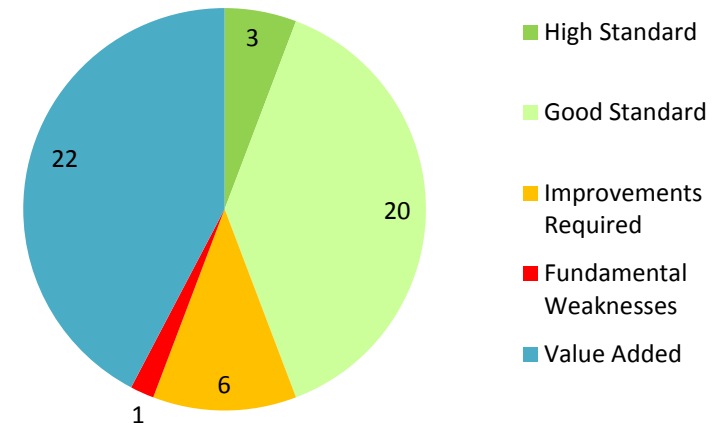
Audit has been liaising with the Retained Client Function with particular emphasis on DELT as well as other ICT service provisions e.g. Firmstep. Audit will be reviewing the function to ensure that it is appropriately resourced, fit for purpose and is "future proof" to meet the ever changing needs of the Council.

Direct Payments continues to be highlighted as an area where despite the progress made, improvements are still required, and these requirements have been identified and recorded in an updated action plan.

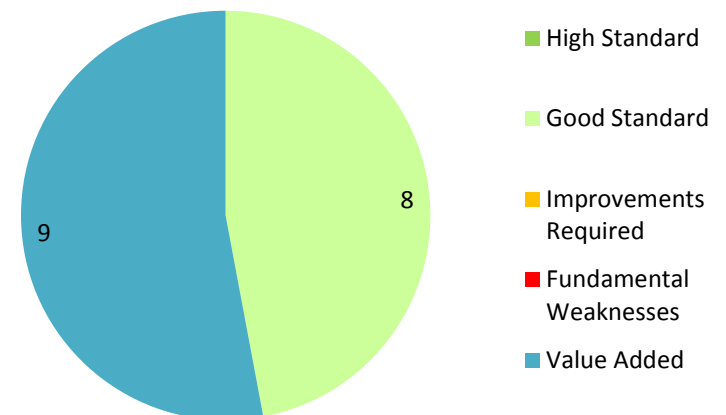
Child Independent Placements, is rated as improvements required where the main issue is to the lack of ownership within the system and the potential for efficiency improvements within the processes for managing payments.

Following the appointment of a new contractor for the Highways Maintenance contract, the HM17 project has moved into the 6 months mobilisation phase ahead of service commencement in April 2017. A number of key workstreams are actively working to ensure the smooth transition to the new provider. Work plans are being developed and key risks identified during a Project workshop. Audit will continue to provide challenge, advice and best practice guidance during this phase.

Assurance Opinions 2015/16



Assurance Opinions Apr - Sept 2016/17 (inc Cross-Cutting & Grants)



Place

In our opinion, and based upon our audit work completed during 2015/16, ‘watching briefs’ and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

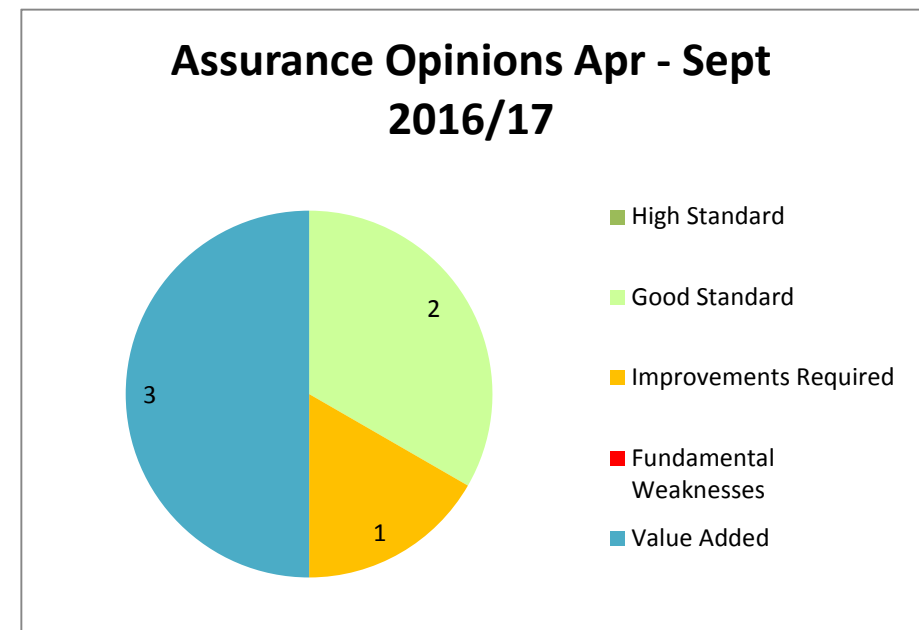
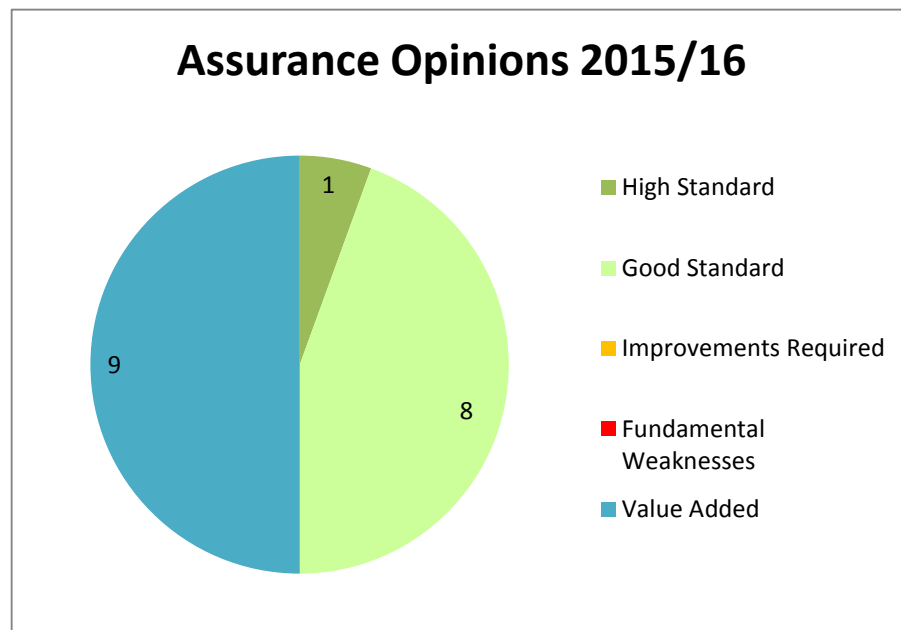
The Energy from Waste plant in North Yard officially became operational in September 2015 and Internal Audit have continued to work with the Project Executive and Contract team, providing support and challenge on contract management arrangements and the development of an audit and assurance plan.

DAP has provided support and challenge to those tasked with procuring the future Highways Maintenance contract jointly with Devon and Somerset County Councils. This involved the review of tender documentation, evaluation and pricing models prior to their issue to bidders and was followed by Audit being present at bid moderation sessions and conducted validation of evaluation scores, pricing models and “relative merits” prior to the selection of a preferred bidder and contract award, to ensure that a consistent and fair approach was followed throughout.

No significant concerns have been identified from our work and management have responded positively to any recommendations for improvement. Appendix 1 details the assurance opinions for individual audits, for which the definitions of the assurance opinion ratings are given in Appendix 4.

Key Risks / Issues

Following the appointment of a new contractor for the Highways Maintenance contract, the HM17 project has moved into the 6 months mobilisation phase ahead of service commencement in April 2017. A number of key workstreams are actively working to ensure the smooth transition to the new provider. Work plans are being developed and key risks identified during a Project workshop. Audit will continue to provide challenge, advice and best practice guidance during this phase



People

In our opinion and based upon our audit work completed which also includes watching briefs and direct advice, we are able to report that suitable internal controls are in place, or where internal controls have required update, corrective actions have been designed. If the planned actions are implemented, effective controls will be in place in the majority of cases. We can also confirm that any concerns identified through the on-going work leading to recommendations for improvement are responded to positively and swiftly by management.

Appendix 1 details the assurance opinions for individual audits which includes 2015/16 audits finalised within the current financial year, and a number of pieces of work from the 2016/17 plan. Definitions of the assurance opinion ratings are given in Appendix 4.

The overall assurance from schools audit is of good standard. The risk and control framework is of a good standard although there is some non-compliance or poor practice in a small number of schools on governance and use of resources to achieve school improvement. Detailed assurance is provided under a separate report.

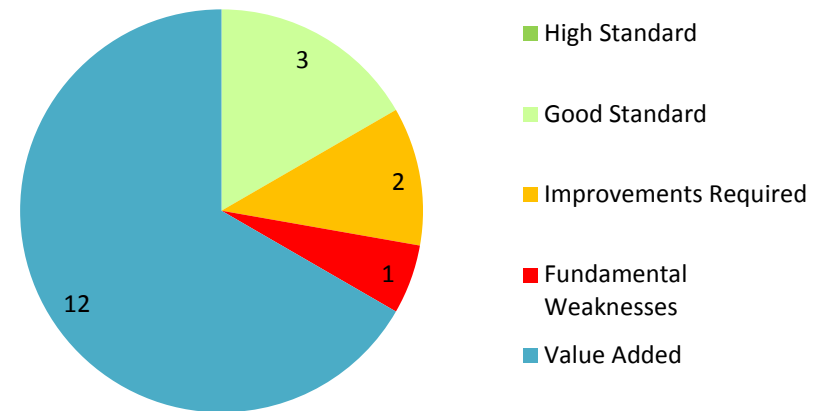
Key Risks / Issues

The key risks within this area are linked to the success of the integration with health and social care partners, as success in this area will improve services, drive efficiency and allow more controlled management of reductions in funding levels. Failure to act through change represents the greatest risk to the ongoing delivery of services.

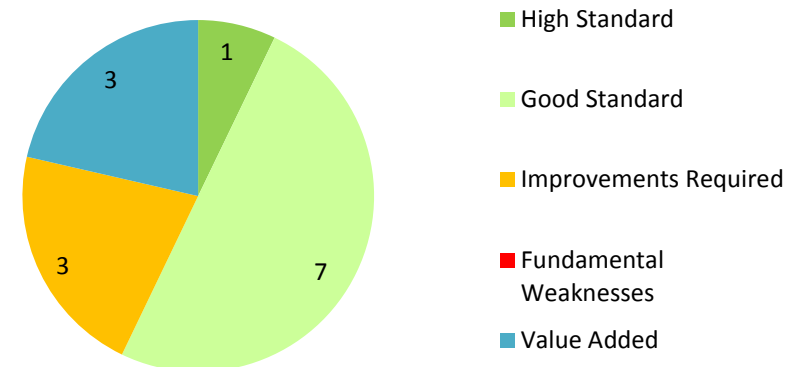
Direct Payments continues to be highlighted as an area where despite the progress made, improvements are still required, and these requirements have been identified and recorded in an updated action plan.

Child Independent Placements, currently issued as a draft report, was rated as Improvements required. This was in the main due to the lack of ownership within the system and the potential for efficiency improvements within the processes for managing payments. We are currently working with management to finalise their responses to the recommendations made.

Assurance Opinions 2015/6



Assurance Opinions Apr - Sept 2016/17



Schools

Progress is being made against plan and the chart shows that we forecast completion of the plan by year end subject to further schools converting to academies. This year to date, five schools who were scheduled to receive their routine visit became academies. We have been requested by Principal Leadership Adviser to carry out additional follow up audits under Schools Intervention. Visit arrangements continue to be made with the schools to complete the plan by 31 March 2017.

The key objectives for Devon Audit Partnership (DAP) are to provide assurance to the Director for People and the Assistant Director for Finance, as the Council's S151 Officer, on the adequacy and security of the financial systems and controls operating within the maintained schools and to provide advice and assurance to governors, head teachers and the Local Authority.

Good Standard - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks are identified in the core element of the audit review, for some schools, recommendations have been made to mitigate risks in other areas with the aim of strengthening what are mainly reliable procedures.

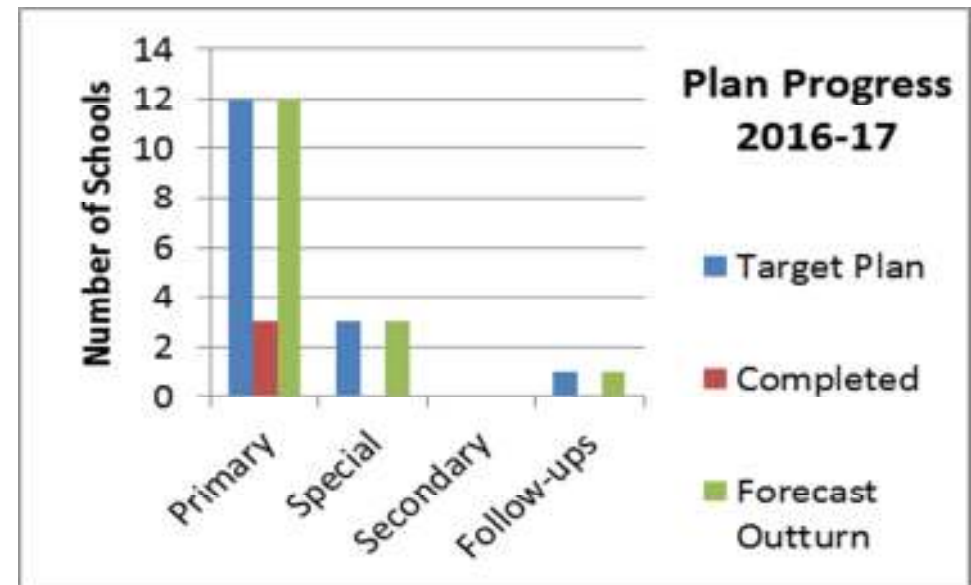
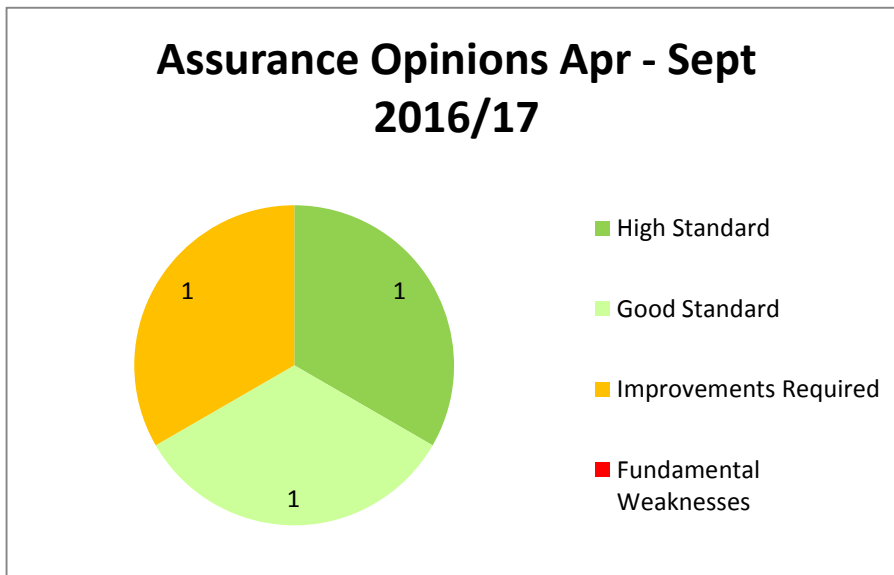
To date we have notified the Director of one school with cause for concern but we have not reported any issues relating to the Annual Governance Statement.

Key Risks / Issues across schools

- understanding of financial management by governors as evidenced by the requirements of the Standard, skills assessment and absence of key business from meetings;
- demonstrable benchmarking & financing of plans for raising standards and attainment;
- business continuity planning.

These risks will be addressed in coming audits this year.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.



Fraud Prevention and Detection

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Work coordinating the review of the data sets involved with the 2014/15 NFI, the Cabinet Office's national data matching exercise, has concluded. Focus has turned to supporting the 2016/17 NFI exercise. The appropriate statutory notification have been published e.g. via website and payslips. Arrangements were made with department contacts to extract the data from a range of Authority systems at the end of September. DAP then uploaded these data sets to the NFI web application where they will be matched against other local authority data sets. DAP will then co-ordinate and lead the review of the data match reports when they are published later in the year.

DAP have continued to develop a working relationship with the Council's Corporate Fraud Team, to exchange information and knowledge.

Irregularities - In the first six months of 2016/17, Internal Audit has carried out or assisted in four investigations within the Authority, including schools. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
IT Misuse	2
Poor Procedures	2

DAP were informed of the potential misuse of the Council's internet facilities, which in one case led to a member of staff employed by Pertemps resigning and a second case, only recently referred, remains under investigation.

DAP were asked to investigate a case relating to an externally hosted website used to facilitate the on-line booking of educational courses. The Council had been notified that the website had been subject to a malicious data breach and notified effected persons and the Information Commissioners Office accordingly. Neither this website, nor any alternative on-line booking system, is currently in use. However, audit recommendations have been made to tighten procurement and contract management arrangements which were considered to be weak in this particular instance. Whilst the Council had suffered reputational damage, the Information Commissioners Office did not consider the circumstances of the breach warranted any further action and / or penalty.

In a separate case, concerns were raised about the potential for double charging to occur linked to the Extra Care Housing service but Audit's review found no evidence of this. Although relatively minor in relation to the amounts involved, there were an unacceptable number of discrepancies / errors between a provider's documentation and the Council returns and processes were subsequently updated.

In addition to the specific investigations outlined above, DAP have also provided management with a range of advice and support on courses of action or improvements to controls.

Customer Value

Performance Indicators - Resources

Overall, performance against the indicators has been very good (see Appendix 2 We have improved timeliness of draft issue and final reports were issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We are working on LEAN approaches which we hope will further improve report efficiency and timeliness.

Customer Service Excellence (CSE)

DAP continues to be maintain accreditation by G4S Assessment Services of the CSE standard.

During the period we issued client survey forms with our final reports. The results of the surveys returned are very positive. The overall result is very pleasing, with 97% being "satisfied" or better across our services, see Appendix 3. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

What Our Customers Said

We have had some very complimentary feedback in the last six months. More details can be found on our website www.devonaudit.gov.uk but some of the more relevant comments include:-

"The professionalism and technical knowledge of the auditor and his understanding of the key areas for improvement and, importantly, how these improvements could be delivered. A very constructive and helpful audit."

Added Value

We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. We have had some very complimentary feedback in the last six months. More details can be found on our website (www.devonaudit.gov.uk) but some of the more relevant comments include:-

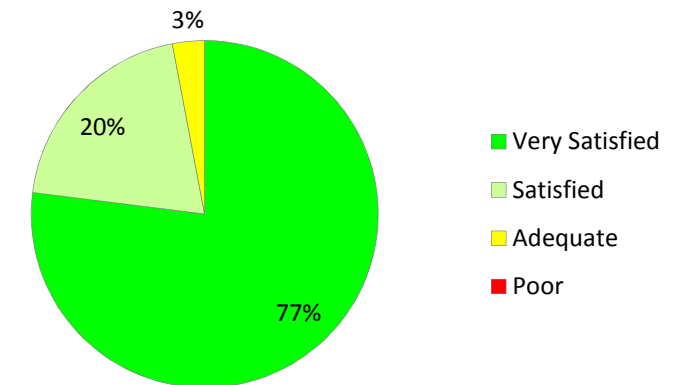
On governance and risk management *"I always find DAP staff most engaging and helpful, in particular as a sounding board for ad-hoc issues. The audit was able to add value by providing both challenges and also suggestions"*.

On Integrated Health *"How refreshing it was to see an internal audit team who were not only obviously well-schooled in the art of audit but also able to offer frank and honest views.....I found the meeting very open, frank and certainly added value – it gave another independent view of what we are trying to achieve"*.

On planning, *"The Auditor has again identified the key issues and made relevant recommendations which are likely to secure the greatest benefits to the Council and its customers in terms of planning compliance activities. The audit report will help us to be better organised and work more systematically, with improved performance monitoring built in, to secure improved services."*

We continue to develop and train our staff so that they can add value to the organisation as it faces the difficult challenges ahead.

Analysis of Customer Survey Results 2016-17





Appendix 1 – Summary of audit reports and findings for 2016/17



Risk Assessment Key


LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Assurance Progress Key



Green – action plan agreed with client for delivery over an appropriate timescale;
 Amber – agreement of action plan delayed or we are aware progress is hindered;
 Red – action plan not agreed or we are aware progress on key risks is not being made.
 * report recently issued, assurance progress is of managers feedback at debrief meeting.
 ** for transformation & other projects, the direction of travel reflects our view of how effective the project is run.



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Transformation and Change					
Core Assurance – Key Financial System					
The key financial reviews will be commenced in the second half of 16/17:					
Civica Financials: <ul style="list-style-type: none"> • Creditors ANA - High • Main Accounting ANA - High • Debtors ANA – Medium iTrent – Payroll ANA – Medium ICT Systems ANA - High			Academy Revs & Bens: <ul style="list-style-type: none"> ➢ Housing Benefits ANA - High ➢ Council Tax ANA - Medium ➢ Business Rates NNDR ANA – Low Treasury Management ANA - Medium		
The review of Capital Accounting (Fixed Asset Register) ANA – Medium has been cancelled with the agreement of the client as the External Auditors have advised that they are covering the same areas in their final accounts audit.					
Core Assurance - Other					
Corp Information Management (ILOG, FoI, DPA, Policies & P's, EDRMS, End User Computing)	SRR46 - Amber ANA – High	Final	Value Added	A formal report to consolidate all current and outstanding Information Governance issues identified during work conducted in 2015/16 and early 2016/17 has been issued. Responsibility for remedial actions has been assigned to ILOG, with individual responsibilities being designated by the Head of Assurance where necessary.	
Corp Information Management (ILOG, FoI, DPA, Policies & P's, EDRMS, End User Computing)	SRR46 - Amber ANA – High	Ongoing	Value Added	DAP continues to attend and support the Information Lead Officers Group (ILOG) and has regular contact with the Council's Corporate Information Manager regarding matters concerning data / information management and security. Support of the Information Management project continues and work will be undertaken as needs require.	




Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
"Active Directory"	SRR46 - Amber ANA – High	Completed	Value Added	A review of the Council's Active Directory (that governs access to the Council's ICT network and logical assets) was recommended within our Information Management report. Working with the Information Governance Manager, a formal initial assessment has been completed and fed into the Transformation programme work stream.	
ICT Retained Client	ANA - High	Final	Value Added	A formal review of the 'retained client' function has been completed which assessed key retained functions and controls and the effectiveness of the Council's ability to meet transformational requirements and operate on a more commercial basis. Nine potential opportunities for continual service improvements were identified within the report and these were discussed with senior management who are considering them whilst defining the Retained Client activity going forward. The "early life" developmental relationship contributed to the Retained Client being used to manage operational relationships. Moving forward the function now needs development to enable the ability to optimise the value of the retained client through more "intelligent" and performance related activities and these are now being introduced.	
ICT Retained Client	ANA - High	Ongoing	Value Added	The theoretical retained client function is potentially broad in scope and, as commonly found in organisations adopting this delivery model, still developing within PCC. Following on from the 2015/16 review, Internal Audit Work has been undertaken to provide a framework to focus formal reviews of specific functional areas within 2016/17. Observations on the current meeting cycle for this area have been made in order to accelerate understanding and in developing relationships with potentially key auditees. Initial findings identify that the all-important relationship between Delt and those undertaking retained activities within the Council are becoming increasingly effective.	
The reviews will be commenced in the second half of 16/17: Quarter 3 - Cyber Security SRR113 Amber – ANA – High Information Security (Includes Gov.Connect & PCI DSS) SRR46 Amber – ANA – High				Quarter 3&4 Service Strategy / Design – Retained Client Functions	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Transformation & Change – Strategic and Operational					
Transformation Process	SRR95 - Red ANA - High	Ongoing	Value Added	Audit have provided support and challenge to the Transformation Portfolio Team as they continue to develop and issue policies, strategies and procedures in areas such as integrated assurance and benefits realisation. DAP, in conjunction with the Council’s Policy, Performance and Planning Team, reported its findings following the verification of the results from the project maturity self-assessment carried out by the Portfolio Office in Autumn 2015. This showed positive developments across many of the assessed areas at each of the three levels (Portfolio, Programme and Project) but also highlighted areas that required improvement. It is anticipated that a similar exercise will be conducted again in 2017 in order to further gauge progress in developing best practice in the running of projects and programmes.	
Risk Management	ANA - High	Final	Opportunity (Working)	<p>It is acknowledged that the Corporate and Senior Management Teams are risk focused and consider risks to objectives as part of day to day corporate and service management with risk registers maintained and subject to routine monitoring and reporting. However visibility and understanding has diminished following a sustained period of significant change, opportunities should now be taken to raise the profile and understanding of risk and opportunity management and strengthen existing arrangements including:</p> <ul style="list-style-type: none"> • Identification of risk and opportunity through consistent business planning processes, and setting of risk appetites to provide focus, • Capturing proportionate timely risk and opportunity information within established management processes, • Provision of real-time risk and opportunity information that is integrated with finance and performance information and utilised in decision making, • Further develop horizon scanning for both risk and opportunity at all levels of management and understanding of the cost vs benefit of risk mitigation, • Removal of tension between culture and process and strengthening common purpose, value and ethics. This will encourage universal adoption, application of key policies and procedures, and encourage timely, transparent and honest communication. 	

The Management of Delt (ANA - High) review will commence in the second half of 16/17



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
People					
Core Assurance – Key Financial System					
Independent Placements (Children)	ANA – Medium	Draft	Improvements Required	<p>A review of seven placements found that the majority of payments were made correctly, they had been agreed at Resource Panel, a contract was in place, any additional payments were paid correctly and budgets were closely monitored and reported to management. However, there is a need to update, change and improve controls in a number of areas.</p> <p>Functions are split between the Commissioning Team and the Child Payments Team who are located at different sites. Roles and responsibilities have evolved over time and are unclear in areas such as overpayments, reconciliations and following up on missing documentation. In addition, communication and collaboration needs to be improved to reduce the risk of errors, late, missed and/or overpayments as we found instances of significant delays, up to 29 weeks, in commencing payment to some providers.</p> <p>The report highlighted opportunities to streamline longstanding processes, for example:</p> <ul style="list-style-type: none"> • With regards the fortnightly payment run; • Further automation of the system, use of electronic signatures and avoidance of large volumes of printing. 	 *
Direct Payments (Pre-Paid Cards) Follow-Up	ANA – High	Final	Improvements Required	<p>A previous follow-up in 2015 resulted in an action plan to be managed within PCC ASC. The transfer of adult social care to Livewell Southwest in April 2015 removed the direct oversight for the implementation of a number of the original recommendations. Following this there was a focus on the update of operational processes within PCC and clarification of retained roles and responsibilities.</p> <p>This has led to a project group being set up to look at the end to end processes. Work will include updating written procedures and guidance for Social Workers and Business Support and will include documents sent to clients or 3rd party representatives.</p>	



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
CareFirst - Residential Care Payments (Adults) Independent	ANA – High	In Progress	N/A	<p>This review will identify the systems in operation in place and then test to both measure compliance and evaluate the effectiveness of system controls. The areas for review include:</p> <ul style="list-style-type: none"> ensuring that payments are correct, authorised, timely and in line with contracts; overpayments are recovered; there is effective monitoring of expenditure; invoices are raised promptly for Health Contributions. <p>Whilst reviewing the processes we will aim to comment on any potential efficiency that can be gained by updating the control framework or elements of existing processes/procedures.</p>	N/A
<p>The following review will be commenced later in 16/17:</p> <ul style="list-style-type: none"> CareFirst - Income Collection (Adults) - ANA – High 					
Core Assurance - Other					
Income Collection Strategy / Maximisation	ANA - Critical	Draft	Good Standard	<p>The Council has taken substantial steps to ensure that clients receiving adult social care are financially assessed, and in turn made aware of their responsibility to contribute to their care. Financial assessments are underpinned by the Council's Fairer Charging Policy which conforms with national legislation and guidance.</p> <p>Work is required to ensure that client files always contain the relevant contracts and paperwork so that billing can occur.</p> <p>Full Council agreed to enact the 2% Council Tax levy as announced by the Government in November 2015. Review of financial data showed that the ASC budget increased over and above the value of the 2% precept, suggesting that funding to ASC has been prioritised.</p>	
Retained Client, Deprivation of Liberty Safeguards (DoLS) – Internal Processes	ANA – High	Final	High Standard	<p>The way in which the officers within the DoLS office manage the process is a significant factor in considering the area to be a high standard. Performance is monitored and reported to management on a monthly basis. This includes the numbers of applications received during the month and the numbers of assessments completed. The numbers of reassessments due and completed are also monitored closely as these are considered high priority.</p>	


Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				The DoLS authorisation process is managed using spreadsheets, compiling clear instructions on how to complete these would reduce the risk of headings being seen as ambiguous and/or misinterpreted by those inputting data. There is an opportunity to consider exploring alternatives to spreadsheets for the recording and managing of DoLS applications.	
Retained Client, Deprivation of Liberty Safeguards (DoLS) – Statutory Compliance	ANA – High	Final	Improvements Required	<p>Due to an increase in demand resulting from a legal judgement in 2014 which had a national impact, the Council (alongside the majority of authorities) is not meeting its statutory duty for the completion of assessments within the deadlines. The judgement has put the Council in the position where the existing resource is insufficient to deal with the increase in the numbers of applications</p> <p>Whilst it is recognised that other Local Authorities are in a similar situation to Plymouth City Council with regards to backlogs, and that the Authority is managing and monitoring the applications to the best of its ability, it is not possible to award a "Good Standard" when the Authority is not meeting its statutory requirements.</p> <p>In order to move forward the Council needs to make a choice on how to address the backlog, taking into account that since the transfer of Adult Social Care to Livewell Southwest, they have continued to encounter difficulties in resourcing the number of Best Interest Assessments (BI) that are required.</p>	
Early intervention – Families with a Future	Statutory Client Request	Ongoing	Certified	DAP have verified and certified three claims for June, July and September. As at the 30 th September 76 families have achieved significant and sustained progress and 27 families have achieved continuous employment. This has realised income of £82k. We continue to work with the Families with a Future Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained.	
Schools Financial Value Standards (SFVS)	Statutory ANA - Low	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2015/16 submitted to the Department for Education.	




The following review will be commenced later in 16/17:

- Adult Social Care Retained Client Functions - ANA - High
 - Service Agreement Verification;
 - Guardianships.

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Integrated Health and Wellbeing (Integrated Fund)					
Governance and Risk Management	ANA – High	Final	Good Standard	<p>The breadth of stakeholders linked to the Integrated Fund is a key factor in the complexity of the governance structures. The number of entities involved has lead to some duplication.</p> <p>The partner members' delegated authority is linked to that held in their respective organisations. Whilst this retains the original governance and accountability of the CCG and the Council, it does not necessarily reflect the ideal long term solution as it can unintentionally make the decision making path longer.</p> <p>Risk Management within the Integrated Fund is considered to be "developing" and it is clear that the right people are involved from the respective organisations. Work is progressing on joining up risk policy and risk registers with additional mitigation through the existing risk management processes of each partner.</p> <p>Due to the nature and value of the Integrated Fund, assurance is required by a variety of bodies across organisations at both a strategic and operational level. The Finance and Assurance Review Group is key within the Integrated Fund and Audit comments on membership, accountability and the separation of duties will further strengthen its ability to fulfil its role.</p> <p>Whilst the current arrangements are achieving their goals, the simplification of existing structures and interactions, including suitable delegations, would provide opportunity for potential efficiency and effectiveness gains.</p>	
Integrated Fund Financial Reporting	ANA - High	Draft	Good Standard	<p>2015/16 was a "learning" year for combined financial reporting. Despite this, overall the reporting to partners and other bodies has been completed as required.</p> <p>We highlighted opportunity to:</p> <ul style="list-style-type: none"> ➤ strengthen the report compilation process, ➤ refine the report format, and ➤ develop reporting to a greater level of detail, <p>All of which had started to be discussed and included in forward looking action plans.</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				Good progress has been made and reporting is in place, underpinned by information from both partner financial systems, which are, in turn, subject to separate review of controls by Internal and External Audit.	
Integrated Fund	SRR83 – Amber ANA - High	Ongoing	Value Added	<p>DAP has continued to monitor and support the actions of the Integrated Fund (IF). Assurance has been sought, and support provided through attendance and input at the IF Finance and Assurance Review Group which is tasked with coordinating assurance, financial reporting and risk management for the Integrated Commissioning Board.</p> <p>In addition, more formal input has been provided through the provision of an advisory paper on the role of the Pooled Fund Manager and presentation of Audit Report Summaries which are relevant to the IF.</p>	
Compliance with/Delivery of Commissioning Strategies	ANA – Critical	In Progress	N/A	This review aims to examine the Wellbeing Strategy including the associated action plan, for robustness, feasibility of achieving the aims in an appropriate timeframe and the potential impacts of failure. The current Internal Audit Plan also includes a review of the Integrated Commissioning System Design Groups, which are in place to feed into the development processes to deliver the strategies. The two reviews would benefit from a combined approach as this will allow the use of practical examples when reviewing the SDG and associated processes.	N/A
<p>The following reviews will be commenced later in 16/17:</p> <ul style="list-style-type: none"> ➤ CCG Success Regime / Sustainability and Transformation Plan – ANA – High; ➤ Plymouth and Western System Development Board – ANA – High; 					
Integrated Health and Wellbeing (Transformation Programme)					
Transformation Programme Board (IHWB)	ANA - Medium	Ongoing	Value Added	During 2016/17, DAP has attended the Integrated Health and Wellbeing Programme Board to gain assurance on the processes and transformation actions, along with using the opportunity to provide audit input to those with operational responsibility. Additionally we have provided summaries of the work undertaken which is relevant to IHWB Transformation and the ongoing work with the CCG and other partners.	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				The IHWB Board was formally closed on 19 th August 2016 and realigned with the One System One Aim priorities through the Plymouth and Western System Development Board.	
System Enablers Board	ANA - Medium	Ongoing	Value Added	The System Enablers Board is a subgroup of the IHWB Programme, tasked with ensuring that IT requirements are identified and addressed. DAP has worked closely with the Project Manager to challenge and support ongoing work and provide an independent view on the longer term projects such as the 2020 Digital Partnership.	
Public Health					
Joint IHWB Commissioning - Design of Future Service Delivery	ANA – High	In Progress	N/A	See “Compliance with/Delivery of Commissioning Strategies” above as the two reviews are now linked.	N/A
The following review will be commenced in the second half of 16/17:					
➤ Joint IHWB Commissioning - Service Delivery Performance Frameworks – ANA – High					
Place					
Highways Maintenance Contract – letting and mobilisation	SRR107 - Amber ANA - Critical	Ongoing	Value Added	Audit has continued its involvement in the letting of a new Highways Maintenance Contract, providing support and challenge to both Devon and Plymouth Councils at the various stages of the procurement, culminating in the receipt and evaluation of final bids in August. Audit provided independent assurance in the lead up to bid submission, attending meetings of the Programme Board and training sessions given to evaluators, and during the evaluation of these bids. Audit supported moderation sessions and validated evaluation scores, pricing models and “relative merits”, to ensure that a consistent and fair approach was followed throughout. As the project moves through its mobilisation phase, Audit continues provide assurance and support to officers.	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Waste PFI		On-Going	Value Added	Audit has continued its participation with the Partnership, attending Project Executive, providing support and advice on contract management issues and the annual reconciliation process which is going through its first iteration. Audit will be asked to “sign off” the Partnership accounts.	
Planning Compliance	ANA – Low (Client Request)	Final	Good Standard	Planning Compliance is proportionate and in accordance with legislation and best practice. Appropriate outcomes are achieved through effective negotiation reducing the number of cases where formal enforcement action is necessary. The current IT systems have not been sufficiently developed to provide effective management and customer information. Idox Uniform and Enterprise systems are due to be implemented in October 2016 and this provides the service with the opportunity to deploy new functionality to capture planning compliance data and further improve the quality and availability of information to aid timely and effective decision making.	
Street Services	SRR95 - Red ANA - High	N/A	N/A	The allocated resource in the original audit plan are being utilised on audit areas as shown below, in agreement with officers. Further areas could be identified as the year progresses.	N/A
On-Call Service	Management Request	Draft	Good Standard	The operation of the on-call system is well managed in respect of the close monitoring of the duties undertaken on an on-call basis. Staff are required to record what actions they take whilst on-call and any corresponding claims for additional hours and stand-by payments are checked and authorised by management.	 *
Trade Waste	Management Request	Draft	Improvements required	Audit testing identified significant weakness with invoicing arrangements, with unacceptable delays in generating invoices appearing to be commonplace. In particular, the invoicing relating to the Council’s relationship with a 3rd party contractor was four months behind at the time of the audit, with no invoices having been raised to date for any of the collections undertaken on behalf of the contractor during this financial year. This equated to approximately £120K of income which had yet to be invoiced. This invoicing arrangement is contrary to normal practices where customers are billed in advance of delivery of service. It is also of concern that the relationship with the contractor does not appear to have ever been formalised. At face value this raises questions as to whether the Council has acted outside of its own Contract Standing Orders and leaves the	 *

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>Council vulnerable to reputational damage should the relationship with the contractor be questioned or challenged by competing businesses. It would also appear to be a commonly held belief that the Trade Waste service is losing money in respect of the above relationship, in the main, due to the belief that waste collected on behalf of the contractor is routinely over-weight. Efforts to evidence this have stalled due to the failure of weighing equipment, this needs to be rectified as soon as possible and comprehensive data obtained with which to address these concerns.</p>	
Highways Act – Section 38 and Section 278	ANA – Low Client Request	In Progress		<p>The objective of the review is to ensure the best possible service provision from the team responsible for administration of agreements under Sections 38 and 278 of the Highways Act 1980. The review is considering:</p> <ul style="list-style-type: none"> • Statutory Duty, Legislation and Policy; • Procedures and processes, including prioritisation and day to day working arrangements; • Use of IT; • Maximisation of income streams; • Protection of Council interests, including Cash Bonds, Commuted Sums and accounting arrangements. 	
History Centre (Record Office)	SRR108 Red ORR – ANA –Medium	On-Going	Value Added	<p>Whilst Audit are not part of the Project Board, we do have sight of board papers which enables us to keep abreast of progress with the project and allows us to then review/challenge particular decisions and actions.</p>	
Plymouth City Market	ANA - Medium Client request	In Progress		<p>The field work has been completed and the report is being drafted. Controls around cash collection were found to be quite robust but some opportunities for efficiencies have been identified.</p>	
Events Planning & Delivery	Client Request	In Progress		<p>The focus of this review was to evaluate the adequacy of controls, process and management practice in connection with the planning and delivery of the Council's events programme.</p> <p>Audit fieldwork has been completed and a client debrief is due to be undertaken by the end of October.</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

The following review will be commenced in the second half of 16/17:

- Fleet Management inc Tranman and Operators Licences ANA - Medium
- Environmental Projects ANA – Medium


Cross Cutting






Civica Financials Project	ORR F7 ANA - High	On-Going	Value Added	The work to improve the Civica systems has been included within the scope of the technology workstream within the Finance FIT project. DAP will provide input to the project to support successful design and implementation of business changes, ensuring that the necessary controls are in place.	
Business Continuity	SRR08 - Green, ORR CS5 - Amber ANA - High	On-Going	Value Added	DAP continues to be a member of the Council’s Business Continuity Strategy Group as Trusted Advisor. In addition, Audit give consideration to issues relating to Business Continuity plans within individual service reviews and projects that it has involvement in.	
Commercialisation	ANA - High	On-Going	Value Added	Audit has met with the Strategic Commercial Manager to discuss the Council’s strategy for seeking and developing commercial opportunities. Audit will look to provide support and challenge to this programme and its workstreams as well as considering how the commercialisation strategy can be applied as we carry out work in other audit areas.	

The following review will be commenced in the second half of 16/17:

- Alternative Service Delivery Vehicles (ASDV) ANA – High
- Review of Major Contracts ANA – High
- Co-operative Review of Services ANA – High
- Firmstep Digital Platform ANA – High
- Contract Management Strategy / Retained Client Function ANA - High

Grants

Rogue Landlord	Regulatory Requirement	Complete	Certified	No issues identified	
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Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Derriford Transport Scheme	Regulatory Requirement	Complete	Certified	No issues identified	
DFT Local Transport Capital Block	Regulatory Requirement	Complete	Certified	No issues identified	
DFT Challenge Fund	Regulatory Requirement	Complete	Certified	No issues identified	
DECC Green Deal Communities Fund	Regulatory Requirement	Complete	Certified	No issues identified	
DCLG Plymouth City Deal (South Yard)	Regulatory Requirement	Complete	Certified	No issues identified	

Other Chargeable Activities (not incorporated above)

Completion of 2015/16 Audit Plan

The following reviews conducted as part of the 2015/16 Audit Plan have been finalised since April 2016, the findings of these reviews were reported in the Audit Annual Report presented to Audit Committee in June.

- Council Tax
- NNDR
- Housing Benefits
- Debtors
- Creditors

- Main Accounting System
- Treasury Management
- Payroll
- Recruitment - Pre Employment Checks

Appendix 2 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

Annual Local Performance Indicators (LPI)	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17
	Target	Actual	Target	Actual	Target	Actual	Full Year Target	Six month Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	96.5%	100%	98%	100%	100%	100%	66.9%
Percentage of Audit plan Completed (Inc. Schools)	93%	94.6%	93%	94%	93%	94%	93%	43.1%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	97.5%	95%	96%	95%	95%	95%	39.8%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%	100%	On Target
Percentage of chargeable time	65%	69.3	65%	67.8%	65%	68%	65%	69.6%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	99%	90%	99%	90%	100%
Draft Reports produced within target number of days (currently 15 days)	90%	80.1%	90%	94%	90%	87%	90%	98.2
Final reports produced within target number of days (currently 10 days)	90%	89.1%	90%	99%	90%	96%	90%	97.7
Average level of sickness absence (DAP as a whole)	2%	3%	2%	5.5%	2%	5.9%	2%	5.46%
Percentage of staff turnover (DAP as a whole)	5%	3%	5%	16.6%	5%	4%	5%	17%
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes	Yes	On Target

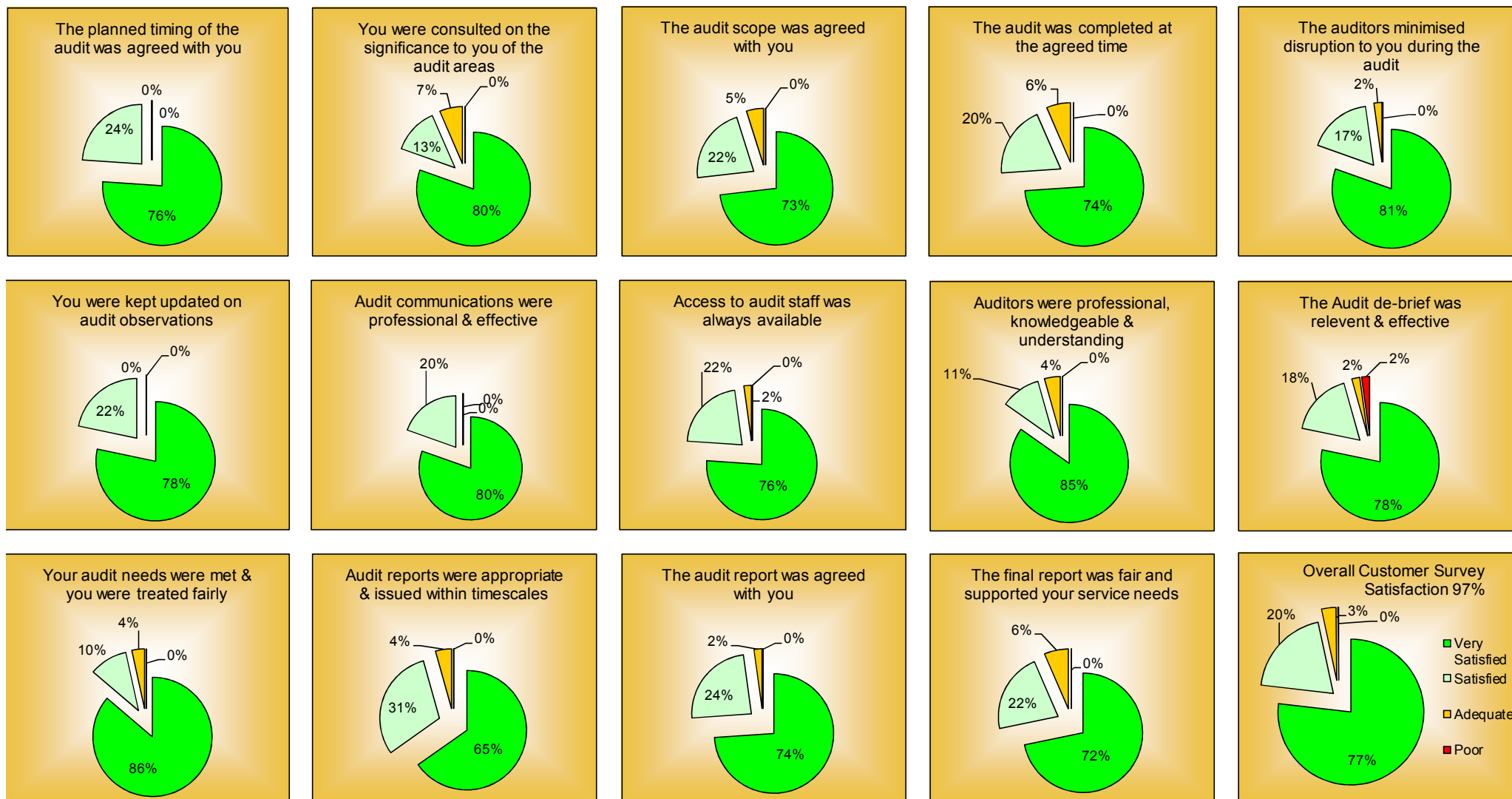
Note 1 - Sickness across Devon Audit Partnership in the first part of 2016/17 has been high at 198 days or 5.64% of available time; equates to around 6.5 days per FTE. As always, we are working with staff to ensure that attendance at work is maximised; the assistance of HR support organisations such as Occupational Health also assist us. We recently asked HR colleagues within Devon County Council to provide detailed absence management training for managers and expect that this will ensure all episodes are dealt with consistently and in line with the County Council's Managing Absence arrangements.

Note 2 – Three people have left DAP; one apprentice started; one person on secondment to another role.

Appendix 3 - Customer Service Excellence

Customer Survey Results April - October 2016

The charts below show a summary of 46 responses received.



Appendix 4 – Definitions

Definitions of Audit Assurance Opinion Levels

Assurance	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

Confidentiality under the Government Security Classifications

Marking	Definition
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.