



Meeting	Audit, Risk and Assurance Committee
Date	9 May 2024
Location	Via video conference
Title of Paper	Internal audit annual report
Presented By	John McNellis Head of Finance, Audit and Risk Claire Robertson, BDO
Recommendation to Members	For discussion
Appendix Attached	Yes – Appendix A Internal audit annual report (2023/24)

PURPOSE

The internal audit annual report summarises the conclusions and key findings from the internal audit work undertaken during the year ended 31 March 2024, including the overall opinion on the internal control systems within Scottish Police Authority, Police Scotland and Forensic Services.

The paper is presented in line with the corporate governance framework of the Scottish Police Authority (SPA) and Audit, Risk and Assurance Committee (ARAC) terms of reference and is submitted for consultation.

1 BACKGROUND

- 1.1. The Scottish Public Finance Manual (SPFM) requires internal audit to provide an annual report to the Accountable Officer and Audit Committee that provides an opinion on the adequacy and effectiveness of the governance, risk management and internal control system of the organisation.
- 1.2. The internal audit plan for 2023/24 was approved by the Board in January 2023 with progress and all work reported to the ARAC.
- 1.3. The annual report forms part of the assurance required by the Accountable Officer to enable them to sign the Governance Statement to be provided alongside the accounts for which they are directly responsible.

2 FURTHER DETAIL

- 2.1 The annual report summarises internal audits conclusions and key findings from their work over the financial year.
- 2.2 **Appendix A** provides the full annual report. It includes:
 - the scope and responsibilities between management and internal audit;
 - the coverage achieved in the year;
 - key themes from their work
 - confirmation of independence;
 - statement of conformance with Public Sector Internal Audit Standards;
 - KPI's / internal quality assurance; and
 - overall internal audit opinion for the year.
- 2.3 Overall, internal audit have concluded:
 - In 4 of the 11 audits performed, BDO provided reasonable assurance for the audit areas.
 - For the 5 audits, BDO has found that further work was required to ensure that there are robust controls in place. As such, BDO are not able to provide reasonable assurance.
 - 2 of the audits during the period are advisory reviews. BDO does not provide an assurance opinion for such review.

3 FINANCIAL IMPLICATIONS

- 3.1 The cost of providing the internal audit service is included in the 2023/24 budget. Some reviews have also considered financial implications, in particular the reviews of core financial systems and budget setting/ investment prioritisation.

4 PERSONNEL IMPLICATIONS

- 4.1 There are no specific personnel implications associated with this paper, however, some reviews have considered personnel implication and in particular the reviews on: ill health/ injury pensions and grievance process.

- 4.2 The internal audit service is provided by an external provider, BDO.

5 LEGAL IMPLICATIONS

- 5.1 There are no specific legal implications associated with this paper. Reviews will consider applicable legal implications.

6 REPUTATIONAL IMPLICATIONS

- 6.1 There are no specific reputational implications associated with this paper. The objective of the internal audit service is to provide an independent opinion on the organisation and the effectiveness of its operations. Its reviews aim to help the organisation promote improved standards of governance, better management, decision making and more effective use of funds. This aids transparency and contributes toward confidence in the Authority.

7 SOCIAL IMPLICATIONS

- 7.1. There are no specific social implications associated with this paper, however, reviews may have considered this aspect

8 COMMUNITY IMPACT

- 8.1 There are no specific community impact implications associated with this paper, however, reviews may have considered this aspect.

9 EQUALITIES IMPLICATIONS

9.1. There are no specific equalities implications associated with this paper, however, reviews may have considered this aspect.

10 ENVIRONMENT IMPLICATIONS

10.1. There are no specific environmental implications associated with this paper, however, reviews may have considered this aspect.

RECOMMENDATIONS

Members are requested to note the internal audit annual report.

SCOTTISH POLICE AUTHORITY,
POLICE SCOTLAND AND FORENSIC SERVICES

Internal Audit Annual Report 2023-24

May 2024



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Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

Background

Our role as Internal Auditors is to provide an independent, objective assurance, and consulting activity, designed to add value and improve an organisation's operations. We are focused on helping management to improve risk management, governance and internal control mechanisms, so reducing the effects of any significant risks facing the organisation.

Internal Audit Plan 2023- 2024

BDO LLP has been appointed as internal auditors to Scottish Police Authority, Police Scotland and Forensic Services to provide the Boards (via Audit & Risk Assurance Committee "ARAC") and Management Teams with assurance on the adequacy of the following arrangements:

- Core Financial Systems - General Financial Controls
- Decision Making Processes - Governance
- Ill Health Retirements and Injury
- Electronic Data Retention plus iVPD focus
- Biometrics
- Investment Prioritisation
- Review of IT General Controls
- New Legislation
- Grievance Process
- Best Value Readiness (Advisory)
- Middle Office Restructure Project (Advisory)
- Quarterly Follow ups

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Our role at Scottish Police Authority is also aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

Our risk evaluations and tests are designed to ensure that controls are sound both in design and effective in operation. Our conclusions are based on evidence obtained during the course of our audit work, verification tests and samples selected from the year's transactions to date. However, our conclusions should not be taken to mean that all transactions have been properly authorised and processed or that all elements of systems have been tested.

EXECUTIVE SUMMARY

Audit Approach

We have reviewed the control policies and procedures employed by Scottish Police Authority, Police Scotland and Forensic Services to manage risks in business areas identified by the Management set out in the 2023/2024 Annual Internal Audit Plan approved by the ARAC. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation.

Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards and the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine whether the risk management activities and controls are operating as expected.

The assurance statement provided on page 9 of this report is based on historical information and the projection of any information or conclusions contained in our assurance statement to any future periods is subject to the risk that changes may alter its validity.

Coverage

During 2023/2024, BDO LLP has reviewed and evaluated the organisation's processes in the following 11 areas:

- | | |
|---|--|
| <ul style="list-style-type: none">• Core Financial Systems - General Financial Controls• Decision Making Processes - Governance• Ill Health Retirements and Injury• Electronic Data Retention plus iVPD focus• Biometrics• Investment Prioritisation | <ul style="list-style-type: none">• Review of IT General Controls• New Legislation• Grievance Process• Best Value Readiness• Middle Office Restructure Project |
|---|--|

Relationship with external audit

All our final reports are available to the external auditors through the ARAC papers and are available on request. Our files are also available to External Audit should they wish to review working papers in order to place reliance on the work of Internal Audit.

ANNUAL STATEMENT OF ASSURANCE

Basis of Opinion

As the internal auditors of Scottish Police Authority, Police Scotland and Forensic Services (the “Organisation), we are required to provide the Board, via the ARAC, and the Senior Management Team with a view on the adequacy and effectiveness of the Organisation’s risk management, governance and internal control processes.

In giving our view, it should be noted that assurance can never be absolute. The Internal Audit service provides the Organisation with reasonable assurance that there are no major weaknesses in the internal control system for the areas reviewed during the period. The statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weakness in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audit reviews undertaken by BDO LLP during 2023- 2024;
- Any follow-up action taken in respect of audits from previous periods for these audit areas;
- Whether any significant recommendations have not been accepted by management and the consequent risks;
- The effects of any significant changes in the organisation’s objectives or systems;
- The requirements of the Public Sector Internal Audit Standards; and
- Any limitations which may have been placed on the scope of internal audit (no restrictions were placed on our work).

Conclusion

In our view, based on the reviews undertaken during the period, and in the context of materiality:

- In 4 of the 11 audits performed, the risk management activities and controls in the areas we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements. Based on our verification reviews and sample testing, the risk management, control and governance arrangements in these four areas were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control, value for money and governance objectives were achieved for the period under review.
- However, our reviews on 5 audits (Ill Health Retirements and Injury, Electronic Data Retention and iVPD, New legislation, Grievance Process and Investment Prioritisation) found that further work was required to ensure that there are robust controls in place. As such, we are not able to provide reasonable assurance based on our verification review and sample testing, that risk management, control and governance arrangements were designed and operating with sufficient effectiveness in these areas to provide reasonable assurance that the related risk management, control, value for money and governance objectives were achieved for the period under review.
- We have not provided an assurance opinion in respect of 2 of the 11 audits as these were advisory reviews.

SUMMARY OF AUDIT RESULTS

Summary of work performed

Details of the completed internal audit reviews have been reported to the ARAC throughout the year and have been discussed at length with consideration and scrutiny of management responses and timescales proposed.

For the purpose of this annual report, we set out in the following pages our summary of recommendations and assessment of the design and effectiveness of the risk assurance for each of the audit areas reviewed.

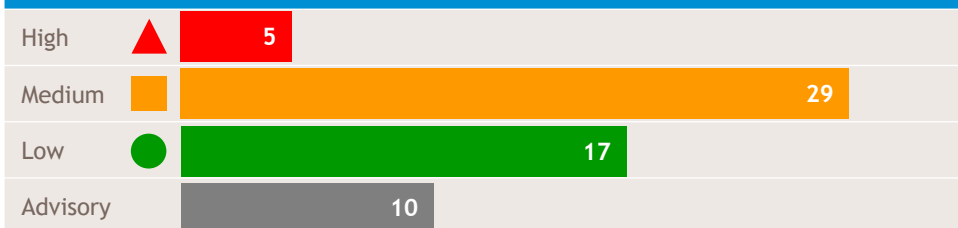
Reviews completed in 2023/24	Number of findings and agreed management actions								Overall Report Conclusion	
	High	Actions	Medium	Actions	Low	Actions	Advisory	Actions	Design	Operational Effectiveness
Core Financial Systems - General Financial Controls	-	-	2	5	2	3	-	-	Substantial	Moderate
Decision Making Processes - Governance	-	-	1	2	2	2	-	-	Moderate	Moderate
Ill Health Retirements and Injury	-	-	5	12	1	1	-	-	Moderate	Limited
Electronic Data Retention plus iVPD focus	-	-	5	9	4	5	-	-	Limited	Limited
Biometrics	-	-	4	9	3	2	-	-	Moderate	Moderate
Investment Prioritisation	2	5	3	4	1	2	-	-	Limited	Limited
Review of IT General Controls	-	-	3	7	3	6	-	-	Moderate	N/A
New Legislation	1	3	4	5	-	-	-	-	Limited	N/A
Grievance Process	2	3	2	3	1	3	-	-	Limited	Limited
Best Value Readiness	-	-	-	-	-	-	6	9	N/A	N/A
Middle Office Restructure Project	-	-	-	-	-	-	4	5	N/A	N/A
TOTAL	5	11	29	56	17	24	10	14		

SUMMARY OF AUDIT RESULTS

Recommendations

To assist management in addressing our findings, we categorise our recommendations according to their level or priority. The recommendations made in the completed reviews totalled 61.

Summary of Recommendations (SEE APPENDIX I)



Total number of recommendations: 61

Reporting mechanisms and practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the ARAC is to agree reports with management and then present and discuss the matters arising at the ARAC meetings.

Management action on our recommendations

Management have reviewed and commented on our reports. For the reports which have been finalised, management have agreed responses. The responses indicate that appropriate steps to implement our recommendations will be put in place.

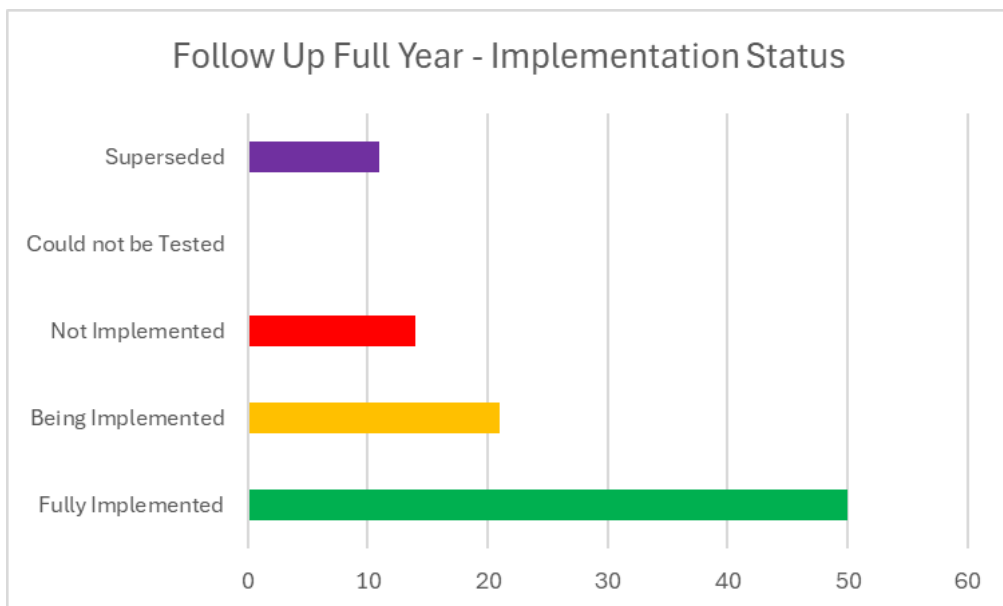
SUMMARY OF FOLLOW-UP

Follow up

During the year we undertook independent exercises on a quarterly basis to assess the progress made by Scottish Police Authority in implementing internal audit recommendations made during the quarter.






Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented on a timely basis, then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment. During the year to 31 March 2024, we followed up on a total of 96 recommendations as they fell due; these related to 19 audit areas. Of the 96 recommendations, 50 (52%) were categorised as fully implemented, 21 (22%) were categorised as being implemented (i.e. partially implemented), 14 (15%) were categorised as not implemented, and 11 (12%) were categorised as superseded. See the table overleaf for a detailed breakdown of the recommendation's status.

The implementation rate is in line with our expectations; continued focus is necessary to ensure the remaining outstanding recommendations are implemented within a reasonable timeframe.



SUMMARY OF FOLLOW-UP

Status of recommendations followed up in full year as at April 2024

Audit areas	Status at April 2024					Total
	 Fully implemented	 Being implemented	 Not implemented	 Could not be tested	 Superseded	
Benefits Realisation and Efficiency Target	2 (H)	-	-	-	-	2
Forensic Case Management	1 (H)	-	-	-	-	1
Estates Management	-	-	-	-	1 (H)	1
ICT Service Delivery	-	3 (1H,2M)	2 (H)	-	-	5
Legal Claims Handling	-	1 (M)	-	-	-	1
Business Continuity Planning	2(1H,1M)	1 (M)	-	-	-	3
Compliance PAVA Airwave	5 (3H,1M,1L)	5 (3VH,1H,1M)	-	-	-	10
Cyber Security	3(M)	2 (M)	-	-	-	5
Staff Absence and Modified Duties	10(1H,9M)					10
DESC Readiness Review	6 (2H,3M,1L)	-	-	-	-	6
Resource Deployment Unit (RDU)	-	-	-	-	10 (2VH,1H,4M,3L)	10
Business Continuity Planning - Forensic Services	1 (H)	3 (L)	2 (1M,1L)	-	-	6
Forensic Services - Data Security	1 (H)	4 (M)	6 (M)	-	-	11
Decision Making Process	4 (2M,2L)	-	-	-	-	4
Ill Health Retirement & Injury	2(M)	-	-	-	-	2
Core Financial Controls	7 (5M,2L)	1 (L)	-	-	-	8
Project Review FMOR	-	-	4 (2H,2M)	-	-	4
Investment Prioritisation and Budget Setting	4 (H)	-	-	-	-	4
Vetting	2(H)	1 (H)	-	-	-	3
TOTAL	50	21	14	0	11	96

IA WORKING PROTOCOLS AND PERFORMANCE

Internal Audit Performance Measures and Indicators

Performance measurement is the use of measures and associated targets to assess objectively the performance of a body. It is now well established as an important means of improving performance and reinforcing accountability. We have included the performance KPIs we have agreed with ARAC at the beginning of the 2023 /2024 year.

Internal audit performance can be assessed in two ways. Firstly, there is the ability for us to self-assess our performance on a regular basis and report back to the Audit, Risk and Assurance Committee (ARAC) on certain measures around inputs and satisfaction from those officers who have been subject to a review. Secondly, the view of the ARAC as to the value being received from its internal audit provider must be taken into account.

In the slides below, we have breakdown the performance against the plan to provide the update to ARAC.

Internal Audit Efficiency

- In-scope audits are completed to their planned ARACs (please refer to the timeline)
- All in-scope audits for FY2023/2024 are completed by 31 March 2024 with scheduled Q4 audits being in draft report stage.
- Annual Internal Audit report/opinion is presented to the May 2024 ARAC.

Internal Audit Quality

- All recommendations made to each audit are discussed with the management. Agreed recommendations are logged into the system for following up.
- All audits are led and reviewed by qualified staff, with audits required to be involved with SMEs from other teams.
- Customer Satisfaction survey results



Internal Audit Engagement

- Regular liaison meetings with SPA/PS Audit & Risk teams; with PS management; and with HIMCS and external auditor.
- Initial Term of Reference of the audit is issued 4 to 6 weeks ahead of fieldwork starting date.
- Internal audit issues draft audit report within 10 working days of closing meeting.
- Finalised audit report issued to stakeholders within 3 working days of final management responses being received and agreed.

Internal Audit Finance

- Actual vs Budgeted days of audits are provided to ARAC.

IA PERFORMANCE - KPIS

In below table, we have provided the details for each performance KPI we have set at FY 2023/2024 IA planning stage, where we did not fully achieve the KPI, we have provided context against the KPI.

Performance KPI	Status	Comments
Internal Audit Efficiency		
<ul style="list-style-type: none"> In-scope audits are completed to their planned ARACs. 	Partially Achieved	An off-cycle ARAC has been scheduled during April 2024 to present all the reports scheduled to be reported in February 2024 ARAC. All the audit work was completed prior to February 2024 ARAC, additional time were required to reach agreement with the management on the conclusions of each audit. Please refer to Slide 12 for progress detail.
<ul style="list-style-type: none"> All in-scope audits for FY2023/2024 are completed by 31 March 2024 with scheduled Q4 audits being in draft report stage. 	Achieved	
<ul style="list-style-type: none"> Annual Internal Audit report/opinion is presented to the May 2024 ARAC. 	Achieved	
Internal Audit Quality		
All recommendations made to each audit are discussed with the management. Agreed recommendations are logged into the system for following up.	Achieved	
All audits are led and reviewed by qualified staff, with audits required to be involved with SMEs from other teams.	Achieved	
Customer Satisfaction survey results	To be conducted following May ACAR	
Internal Audit Engagement		
Regular liaison meetings with SPA/PS Audit & Risk teams; with PS management; and with HMICS and external auditor.	Achieved	
Initial Term of Reference of the audit is issued 4 to 6 weeks ahead of fieldwork starting date.	Achieved	
Internal audit issues draft audit report within 10 working days of closing meeting.	Achieved	
Finalised audit report issued to stakeholders within 3 working days of final management responses being received and agreed.	Achieved	
Internal Audit Quality		
Actual vs Budgeted days of audits are provided to ARAC.	Achieved	

IA PERFORMANCE - ACTUAL AGAINST PLAN PROGRESS

In the below table, we have set out the planned audit progress against the actual progress.

Audits	Progress Against Plan	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Core Financial Systems - General Financial Controls	Planned													
	Actual													
Follow Up Q1 (April - June 2023)	Planned													
	Actual													
Ill Health Retirements and Injury	Planned													
	Actual													
Biometrics	Planned													
	Actual													
Decision Making Processes - Governance	Planned													
	Actual													
Follow Up Q2 (July - Sept 2023)	Planned													
	Actual													
Electronic Data & iVPD	Planned													
	Actual													
Middle Office Project Review	Planned													
	Actual													
Investment Prioritisation	Planned													
	Actual													
New Legislation	Planned													
	Actual													
Follow Up Q3 (October - December 2023)	Planned													
	Actual													
IT General Controls	Planned													
	Actual													
Grievance	Planned													
	Actual													
Best Vaue	Planned													
	Actual													
Follow Up Q4 (January - March 2023)	Planned													
	Actual													
Annual Audit Plan for 2024 - 2025	Planned													
	Actual													
Annual Assurance Opinion for 2023 - 2024	Planned													
	Actual													
Keys														

IA PERFORMANCE - KEY MILESTOES

Below table summarised the key milestones for each audit for ARAC reference:

AUDIT	COMPLETION OF FIELDWORK/DEBRIEF MEETING	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
Core Financial Systems - General Financial Controls	3 June 2023	18 July 2023	25 July 2023	25 July 2023
Decision Making Processes - Governance	4 July 2023	14 July 2023	20 September 2023	4 October 2023
Ill Health Retirements and Injury	20 September 2023	2 October 2023	19 October 2023	26 October 2023
Electronic Data Retention plus iVPD focus	16 February 2024	15 March 2024	9 April 2024	11 April 2024
Biometrics	5 October 2023	11 October 2023	25 October 2023	26 October 2023
Investment Prioritisation	18 December 2023	22 December 2023	11 March 2024	14 March 2024
Review of IT General Controls	15 March 2024	12 April 2024	29 April 2024	29 April 2024
New Legislation	11 January 2024	15 January 2024	26 January 2024	29 January 2024
Grievance Process	2 April 2024	9 April 2024	30 April 2024	30 April 2024
Best Value Readiness	12 April 2024	25 April 2024	30 April 2024	30 April 2024
Middle Office Restructure Project	12 December 2023	17 January 2024	21 February 2024	29 February 2024
Follow up Q1	12 July 2023	12 July 2023	N/A	19 July 2023
Follow up Q2	13 October 2023	16 October 2023	N/A	25 October 2023
Follow up Q3	16 January 2024	19 January 2024	N/A	26 January 2024
Follow up Q4	12 April 2024	15 April 2024	N/A	22 April 2024

IA PERFORMANCE - SUBJECT MATTER EXPERT USAGE

We have provided insight of how we utilised the subject matter experts (SME) in different audits. The usage is presented in the table below:

AUDITS	SME USED?	SME USAGE
Core Financial Systems - General Financial Controls	Yes - Data Analytic SME	15% of the audit time
Decision Making Processes - Governance	No	n/a
Ill Health Retirements and Injury	No	n/a
Electronic Data Retention plus iVPD focus	Yes - Digital SME	10% of the audit time
Biometrics	Yes - Data Privacy SME	10% of the audit time
Investment Prioritisation	No	n/a
Review of IT General Controls	Yes - Digital SME	90% of the audit time
New Legislation	No	n/a
Grievance Process	No	n/a
Best Value Readiness	No	n/a
Middle Office Restructure Project	No	n/a

IA PERFORMANCE - FINANCE PERFORMANCE

The table below provided details of how budgeted days have been spent throughout the cycle of the audit.

<u>FY 2023/24</u>	<u>ARAC Approved</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>Days Left for</u>
	<u>Audit Days</u>	<u>17/03/2023</u>	<u>20/04/2023</u>	<u>22/05/2023</u>	<u>27/06/2023</u>	<u>21/07/2023</u>	<u>21/08/2023</u>	<u>25/09/2023</u>	<u>23/10/2023</u>	<u>17/11/2023</u>	<u>15/12/2023</u>	<u>19/01/2024</u>	<u>16/02/2024</u>	<u>22/03/2024</u>	<u>the year</u>
<u>Audit, Risk and Assurance Committee, liaison and reporting</u>															
Audit & Risk Committee planning and attendance	20	0.29	-	-	2.43	2.21	2.00	-	3.07	1.64	-	1.50	3.71	3.15	-
Monthly liaison meetings	18	0.61	0.57	0.61	1.29	1.42	1.50	1.50	1.50	1.50	1.50	1.50	1.50	3.00	0.00
Reporting, ad-hoc meetings and other liaison	6	2.89	-	-	0.39	-	-	-	0.93	0.29	-	-	0.50	1.00	(0.00)
Liaison with external audit and HMICS	4	-	-	-	-	-	-	0.86	-	-	-	-	0.50	2.64	0.00
Audit needs analysis - strategic and operation IA planning	10	0.82	-	-	0.25	-	-	0.71	1.54	2.57	1.45	2.66	-	-	0.00
Annual internal audit report	2	-	-	-	-	-	-	-	-	-	-	-	-	2.00	-
Contingency	15	-	-	-	-	-	-	-	-	-	3.75	-	-	-	11.25
Follow up	20	-	-	-	0.18	4.82	0.18	0.71	7.14	0.25	0.11	1.79	1.00	3.82	0.00
Contract Management (on-off)	0	1.54	0.21	-	-	-	-	-	-	-	-	-	-	-	(1.75)
<u>Audits</u>															
Core Financial Systems - General Financial Controls	30	2.61	1.29	2.10	17.39	6.60	-	-	-	-	-	-	-	-	0.00
Decision Making processes - Governance	30	1.32	2.18	11.50	9.32	5.66	-	0.01	-	-	-	-	-	-	0.00
Ill Health Retirements and Injury	35	-	-	0.14	2.69	11.17	7.75	9.75	2.43	1.07	-	-	-	-	0.00
Electronic Data Retention plus iVPD focus	50	-	-	0.86	0.46	0.79	2.89	5.00	3.11	8.00	7.43	9.50	4.50	7.47	(0.00)
Biometrics	35	-	0.32	-	2.39	2.75	9.43	13.46	5.75	0.89	-	-	-	-	0.00
Budget Setting / Prioritisation	40	-	-	-	0.18	-	2.00	7.82	7.06	7.00	11.94	2.29	1.07	0.64	-
Review of IT general controls	50	-	-	-	-	-	0.07	-	0.14	1.00	0.88	3.39	25.82	18.69	0.00
New Legislation	40	-	-	-	-	-	0.11	3.89	1.54	4.00	24.46	5.00	-	1.00	0.00
Grievance Process	30	-	-	-	1.18	0.14	0.18	0.96	0.54	0.18	1.14	2.82	7.50	15.35	0.00
Best Value Readiness	25	0.25	-	-	-	-	-	0.57	0.43	-	0.46	-	7.79	15.50	(0.00)
Project review - Middle office restructure project	40	-	-	-	-	1.86	1.00	5.14	8.00	3.00	17.00	4.00	-	-	-
Total Days	500	10.32	4.57	15.22	38.15	37.42	27.10	50.40	43.18	31.39	70.12	34.45	53.89	74.26	9.53

APPENDIX I - DEFINITIONS (Page 1 of 2)

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.






Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
Advisory	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.

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Advisory audits

Observation Significance	
High	Presents significant and material risk to one or more of the programme's key time, cost, or quality constraints. There are no clear plans to remediate the risk. OR Represents a specific material issue that has already occurred.
Medium	Represents a risk that has the potential to materially impact one or more of the programme's key time, cost, or quality constraints. The programme is aware and has plans to address but these have not yet brought the risk down to a tolerable level that would indicate a low finding. OR Represents a moderate issue where there is scope to recover time, cost or quality.
Low	There is a likely impact to one or more of the programme's key time, cost, or quality constraints but this is individually within a tolerance that programme management would accept. Low findings need to be considered together for their potential aggregate impact.
Info	Is not likely to have significant impact, but where management may consider a requirement for improved controls and/or can achieve greater effectiveness and/or efficiency of the programme

Follow-up

Recommendation Status	Meaning
	Fully implemented
	Being implemented
	Not implemented
	Could not be tested at the time of the audit
	Superseded

Previous internal auditor forensics recommendation significance

Recommendation Status	Meaning
4	Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.
3	High risk exposure - absence/failure of key controls that create significant risks within the organisation.
2	Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.
1	Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues

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