SCOTTISH POLICE AUTHORITY
ÙGHDARRAS POILIS NA H-ALBA

Agenda Item 3.1

Meeting	**Audit, Risk and Assurance Committee**
Date	**22 June 2023**
Location	**MS Teams**
Title of Paper	**Internal Audit Update**
Presented By	**John McNellis, Head of Finance, Audit and Risk** **Gary Devlin, Azets** **Claire Robertson, BDO**
Recommendation to Members	**For discussion**
Appendix Attached	**Appendix A – Assets Internal Audit Progress Report** **Appendix B – Management Action Follow Up** **Appendix C – BDO Internal Audit Update**

PURPOSE

To provide the Audit Risk and Assurance Committee (ARAC) with an update on progress against the Annual Internal Audit Plan and summary of management progress in completing management actions arising from internal audit reports.

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 Internal Audit plan for 2023/24 was presented to and approved by the ARAC in January 2023.

1.2 Updates against delivery of the internal audit plan and a summary of management actions arising from internal audit reports are reported to the ARAC on a quarterly basis.

1.3 Azets are presenting the internal audit progress report and management follow up to ARAC for the final time as the internal audit contract transfers to BDO for 2023/24.

1.4 BDO and Azets have a handover meeting scheduled to ensure any outstanding management follow up actions continue to be progressed appropriately.

2. FURTHER DETAIL ON THE REPORT TOPIC

Internal Audit Progress Report (appendix A)

2.1 **Appendix A** provides an update on delivery of the internal audit plan for 2022/23, which is now **fully completed** according to the approved plan.

2.2 The remainder of audits are scheduled to be reported to ARAC as follows:-Change Management:
- DESC Readiness Review
- Change management: Resource deployment unit
- Forensic Services – physical data management

2.3 Internal audits KPI's are outlined within the report. Ten KPI's have been defined – all due KPIS have been reported as "green".

Management Action Follow-up (appendix B)

2.4 **Appendix B** summarises the progress made by SPA corporate, Forensics Services and Police Scotland in implementing previously agreed internal audit actions. Internal audit validate the closure of actions on a sample basis focused on recommendations graded 3 (high risk) and above.

2.5 The total number of open actions has moved as follows:

Actions	Number of actions:
Previously open	39
Add new	37
Less closed	(16)
Remaining open	**60**

2.6 An update is provided on the benefits realisation recommendation, previously discussed at ARAC, which internal audit have not closed. Furthermore, internal audit also highlight four actions related to the ICT delivery audit that remain outstanding. They find that reasonable progress has been made on the audit actions with management requesting to pause these actions until work on the ICT target operating model is complete.

BDO Internal Audit Update (appendix C)

2.7 **Appendix C** summarises the progress made by BDO against the 2023/24 internal audit plan.

2.8 It provides an indicative timeline for internal audits over the financial year including the proposed ARAC meeting that will consider each report.

2.9 Two reviews are currently in progress and are expected to be reported to the August ARAC.

3 FINANCIAL IMPLICATIONS
3.1 There are no financial implications associated with this paper.

4 PERSONNEL IMPLICATIONS
4.1 There are no specific personnel implications associated with this paper.

5 LEGAL IMPLICATIONS
5.1 There are no specific legal implications associated with this paper.

6 REPUTATIONAL IMPLICATIONS
6.1 There are no reputational implications associated with this paper, however there are potential reputational implications associated

with the pace and effectiveness of addressing management actions arising from internal audit reports.

7   SOCIAL IMPLICATIONS
7.1   There are no social implications associated with this paper.

8   COMMUNITY IMPACT
8.1   There are no community impact implications associated with this paper.

9   EQUALITIES IMPLICATIONS
9.1   There are no equality implications associated with this paper.

10   ENVIRONMENT IMPLICATIONS
10.1 There are no environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to note the updates provided.

Scottish Police Authority

Internal Audit Progress Report

May 2023

Scottish Police Authority

Internal Audit Progress Report

Summary

This paper provides the Audit, Risk, and Assurance Committee (ARAC) with a summary of internal audit activity since its last meeting and confirms the reviews planned for the coming quarter, identifying any changes to the annual plan.

Progress against annual audit plan

The following reports were presented to the additional ARAC meeting held in March 2023:

- B.4 Staff Absence and Modified Duties; and
- G.5 Compliance Arrangements – PAVA Spray and Airwave Terminal Units

Since then, we have finalised the following reports for consideration at this meeting of the ARAC:

- C.9 Change Management: DESC;
- C.10 Change Management: Resource Deployment Unit (previously reported as Organisational Design); and
- G.6 SPA/ Forensics Physical Data Management.

We have also completed our final follow up review for Q4 2023/24. These reports conclude our internal audit programme, therefore we have also issued our internal audit annual report for 2022/23.

Further detail on our 2022/23 programme is provided at Appendix 1 to this report.

Additional work

At the request of the Chief Financial Officer, we have also undertaken a two-stage advisory style review of health and safety arrangements following the identification of Legionella bacteria at Tulliallan in December 2022. Further detail on this work is provided at Appendix 3.

Action for Audit, Risk, and Assurance Committee

The Audit, Risk, and Assurance Committee is asked to note the contents of this report.

We would like to express our sincere thanks to all staff we have worked with in delivering our internal audit service for the past eight years, and to wish the SPA, Police Scotland and the ARAC well for the future.

Gary Devlin, Chief Internal Auditor	Gary.devlin@azets.co.uk	0131 473 3500
Rachael Weir, Senior Audit Manager	Rachael.Weir@azets.co.uk	0141 567 4500
Paul Kelly, Head of Cyber Services	Paul.Kelly@azets.co.uk	0141 567 4500

Appendix 1 – 2022/23 audit plan progress

Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
A.1 Core Financial Systems	CFO SPA Head of Finance, Audit and Risk	Complete	Q1	Jul 22	Jul 22
B.3 Organisational Learning	ACC Professionalism and Assurance ACC Major Crime and Public Protection SPA Head of Workforce Governance	Complete	Q3	Jan 23	Jan 23
B.4 Staff Absence and Modified Duties	Director of People and Development SPA Head of Workforce Governance	Complete	Q4	Jun 23	Mar 23
C.12 Vetting	ACC Professionalism and Assurance SPA Head of Workforce Governance	Complete	Q1	Jul 22	Jul 22
C.9 Change Management: DESC	Chief Digital and Information Officer CRO Criminal Justice and Reform Programme	Complete	Q2	Jun 23	Jun 23
C.10 Change Management: Resource Deployment Unit	Deputy Chief Officer ACC Operational Support	Complete	Q4	Jun 23	Jun 23
D.1 Business Continuity Planning	ACC Operational Support SPA Risk and Policy Specialist FS Head of Strategy and Business Performance	Complete	Q1	Jul 22	Jul 22
D.3 Cyber Security	Chief Digital and Information Officer SRO Cyber Strategy Implementation Programme SPA Head of Finance, Audit and Risk	Complete	Q3	Jan 23	Jan 23
G.5 PS Compliance	ACC Professionalism and Assurance ACC Major Crime and Public Protection SPA Head of Finance, Audit and Risk	Complete	Q4	Jun 23	Mar 23
G.6 SPA/ Forensics Physical Data Management	Forensic Services Director Head of Quality, Assurance and Information Compliance	Complete	Q4	Jun 23	Jun 23

Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
G.4 Follow up Q1	N/A	Complete	Q1	Jul 22	Jul 22
G.4 Follow up Q2	N/A	Complete	Q2	Sep 22	Sep 22
G.4 Follow up Q3	N/A	Complete	Q3	Jan 23	Jan 23
G.4 Follow up Q4	N/a	Complete	Q4	Jun 23	Jun 23

Key:	Description
Complete	Audit work complete and report has been agreed and finalised
Draft Report	A draft report has been issued
Fieldwork complete	The audit work is complete but the draft report has not yet been issued.
Fieldwork in progress	The audit work is in progress.
Planned	The scope and timing of the audit has been agreed with management
Planning	The scope and/or timing of the audit has yet to be agreed with management

Appendix 2 – Additional Work

The Audit Committee is responsible for the appointment of Azets as Internal Auditors and oversees the delivery of the Internal Audit Plan.

Police Scotland are able to independently commission Azets to carry out additional consultancy work, where this does not affect the internal audit plan and the cost is met from the relevant Police Scotland budget.

In accordance with the Protocol agreed between Azets and the SPA at the September 2020 meeting of the ARAC, a summary of all such work carried out by Azets will be provided to the ARAC on a quarterly basis.

Work undertaken to date

In January 2023, Azets were commissioned to carry out an independent review of water safety arrangements across the Police Scotland estate following the emergence of Legionella bacteria at Tulliallan. The aim was to establish whether the water safety issues identified at Tulliallan were isolated or could be potentially systemic across the entire Estate.

- Following finalisation of this review, management requested a second phase review assessing Health and Safety Compliance more generally across the estate to ensure that there are:

- Appropriate and consistent arrangements and controls in place to ensure compliance with Health and Safety regulatory standards across the estate;

- Clear processes to ensure visibility of emerging Health and Safety risks, including proportionate escalation procedures; and

- Sufficient monitoring arrangements in place to validate regulatory compliance works undertaken by contractors engaged to work on behalf of Police Scotland.

Our second phase review remains at fieldwork stage as at the time of writing, and is due to conclude by 30th June 2023.

Description	Instructed by	Fees since last update	Cumulative fee
COP26 Assurance	James Gray, CFO	n/a	£24,239.00
Water Safety	James Gray, CFO	£17,823.00	£17,823.00
Health and Safety (phase 2)	James Gray, CFO	£20,369.20	£20,369.20
Total		£38,192,20	£62,431.20

Appendix 3 – Progress against KPIs

KPI description	Status	Comments
1. The Annual and Strategic Internal Audit plans are presented to and approved by the Audit Committee prior to the start of the audit year.	GREEN	The 2023/24 Internal Audit Plan was approved by the SPA Board at the January 2023 meeting.
2. 90% of audit input is provided by the core team and continuity of staff is maintained year on year.	GREEN	
3. Draft reports are issued within 15 working days of completing fieldwork.	GREEN	Reports have been issued an average of 7 working days after completion of fieldwork.
4. Management responses are received within 15 working days and final report issued within 10 working days.	GREEN	Management Responses have been received in an average of 8.5 days so far in the period 2022/23.[1] Final reports have been issued an average of 5 working days after initial receipt of management responses.
5. At least 90% of the audit recommendations we make are agreed with and accepted by management.	GREEN	All recommendations made so far in the period 2022/23 have been accepted.
6. At least 75% of Audit Committee meetings are attended by an Internal Audit Partner.	GREEN	
7. The annual internal audit plan is fully delivered within agreed cost and time parameters.	GREEN	All changes to the plan have been agreed with the Audit, Risk and Assurance Committee.
8. The annual internal audit report and opinion is presented to and approved by the Audit Committee at the first meeting after the year-end each year.	GREEN	The Annual Report for 2022/23 was presented to the June 2023 ARAC meeting.
9. All internal audit outputs are finalised and submitted to the Committee Secretary at least 10 working days before the Audit Committee meeting to allow time for senior management review.	GREEN	All papers submitted in line with agreed timescales.
10. Members of senior management and the Audit Committee are invited to participate in the firm's client satisfaction survey arrangements.	N/A	Not yet due.

Key

RED	More than 15% away from target
AMBER	Within 15% of target
GREEN	Achieved

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[1] The ARAC will be aware that Police Scotland requested additional time to formally approve our report of Organisational Learning, meaning that the report was finalised outwith the KPI standard. The presentation of this report did not require management response in the same way as our "usual" reports, therefore we have not reflected this delay within the KPI status.

Scottish Police Authority

Internal Audit Report

Management Action Follow-up – Q4 2022/23

May 2023

Scottish Police Authority
Internal Audit Report

Management Action Follow-up – Q4 2022/23

Introduction and background

Introduction

As part of the internal audit programme, we complete a follow up review every quarter to provide the Scottish Police Authority (SPA) with assurance that management actions agreed in previous internal audit reports have been implemented appropriately. This report summarises the progress made by management in implementing agreed management actions during Q4 2022/23.

Scope

A follow up tracker is maintained by Police Scotland (PS) to record updates on the progress made by management across PS to implement actions from previous internal audits. We have agreed with PS that they will make the tracker available to Internal Audit on a quarterly basis for review. We also liaise with SPA staff to obtain updates in relation to SPA-specific actions.

For recommendations graded priority 3 or above, we request evidence to validate completion of any actions marked for closure by management.

Action for the Audit, Risk, and Assurance Committee

The Committee is asked to note the progress made by management in implementing agreed management actions. The Committee is also asked to consider and approve those actions for which revised timescales have been provided by management (these are detailed at Appendix 2).

Acknowledgements

We would like to thank all staff who provided updates for their assistance and co-operation.

Summary of progress

The table below shows the movement in actions included on the Audit Recommendation Tracker, including any outstanding actions brought forward from the previous review in December 2022:

	Number of Actions
Open actions brought forward	39
Actions added to tracker	37
Total actions to follow-up	**76**
Actions closed	16
Open actions carried forward	**60**

Status of Actions as at May 2023
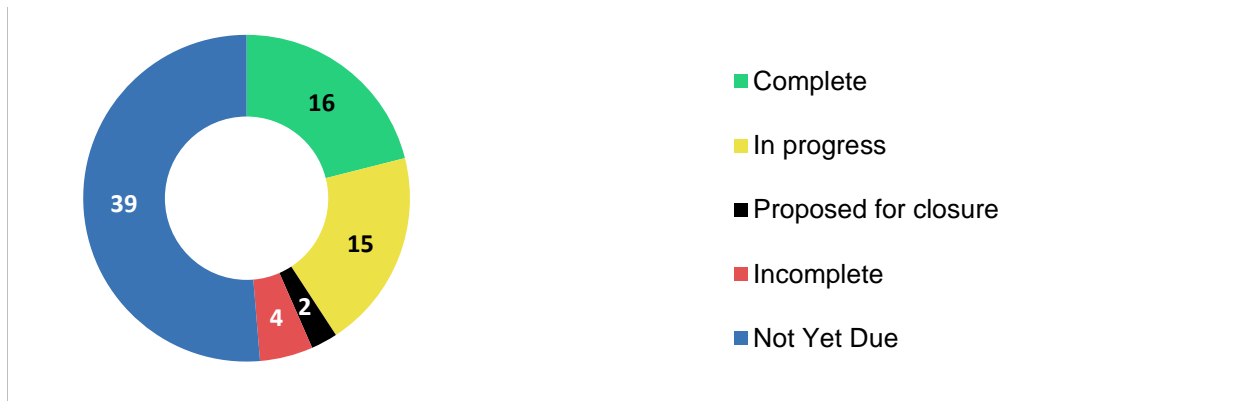
We have validated the closure of 16 actions (21%) in the period to May 2023, including 9 higher risk (grade 3) actions. 39 actions (51%) were not yet due at the time of our validation work and a further 15 (20%) are in progress but have passed their original due date for implementation.

Further detail on these actions is included at Appendix 2. We have received updates for all actions that have fallen due in the period, and revised due dates for all overdue actions.

We consider that management has made reasonable progress in implementing agreed audit actions. Actions that have passed their original due date represent a minority of the currently open actions. A summary of the status of actions by report is shown at Appendix 1.

Actions proposed for closure by management

As previously reported in our Q3 follow up report, two actions (3%) relating to our audit of Benefits Realisation were proposed for closure by management. Management's view is that although the process for benefits realisation has been updated, the current pipeline of projects *"does not allow practical demonstration of the documented process"*. As such, management do not intend to take any further action in respect of these two recommendations at present. These actions are summarised within Appendix 2.

The risks raised during the 2020 audit of Benefits Realisation related to an inability to demonstrate that the reported 'realised benefits' had been demonstrated in real terms, in either in a cost or time saving within the relevant business areas (which should be demonstrable by considering financial and/or performance impacts).

This has not been demonstrated either during or since the audit, with management explaining that they intend to implement a new process but are yet to have the opportunity to demonstrate that. Our view is that the risk in this area remains unmitigated as a result.

The position was reported to ARAC in January 2023 and an agreement reached that management will continue to review opportunities to apply the benefits realisation process via the ongoing Strategic Efficient Review work. No revised timescales have been agreed as management persist that there is no clear pathway for practical demonstration of the documented process.

Incomplete actions

Four actions (5%) relating to our 2021/22 audit of ICT Delivery remain incomplete. We understand there have been competing priorities associated with developing a Digital Strategy and Target Operating Model (TOM), and management expect that the outputs from this work will render these actions as no longer applicable. The new TOM requires additional funding, therefore the actions are 'on hold' until management have a clearer understanding of the future funding picture, expected by August 2023.
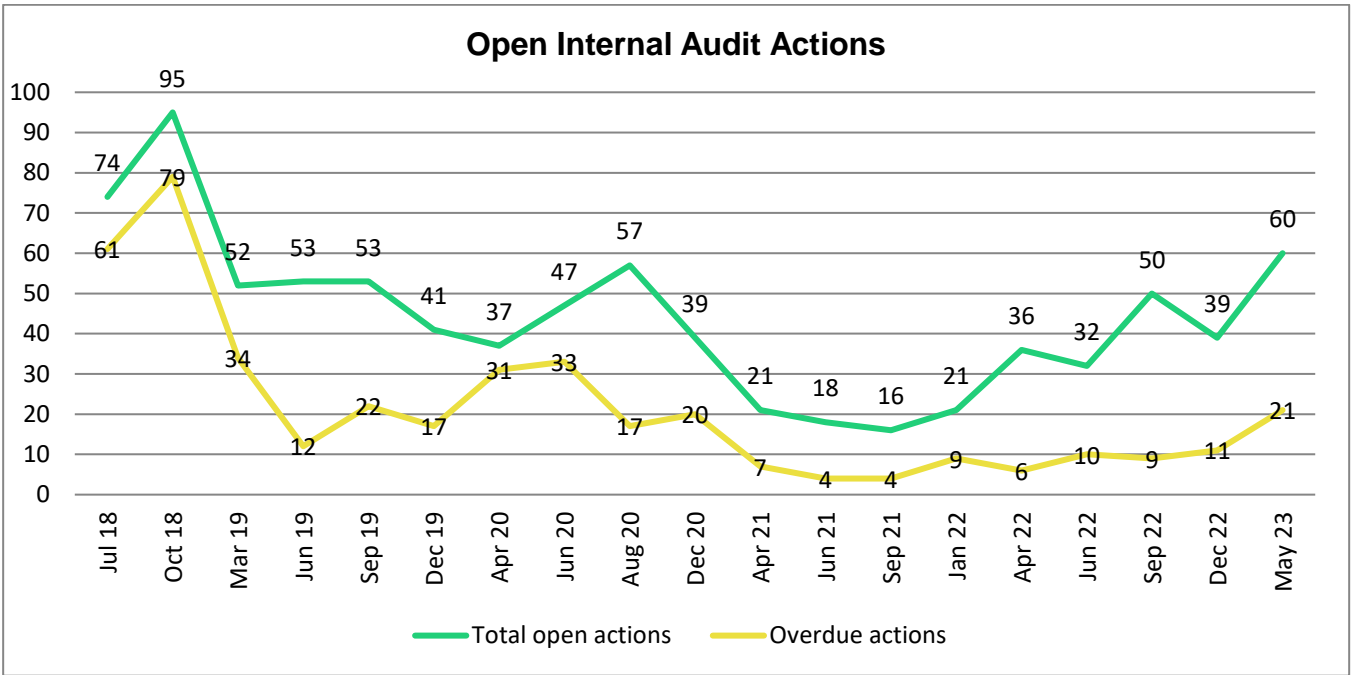
We consider that management has made reasonable progress in implementing agreed audit actions. Actions that have passed their original due date represent a minority of the currently open actions. A summary of the status of actions by report is shown at Appendix 1.

The ARAC is therefore asked to consider its position in respect of these points and whether it is content to agree that these actions will be paused.
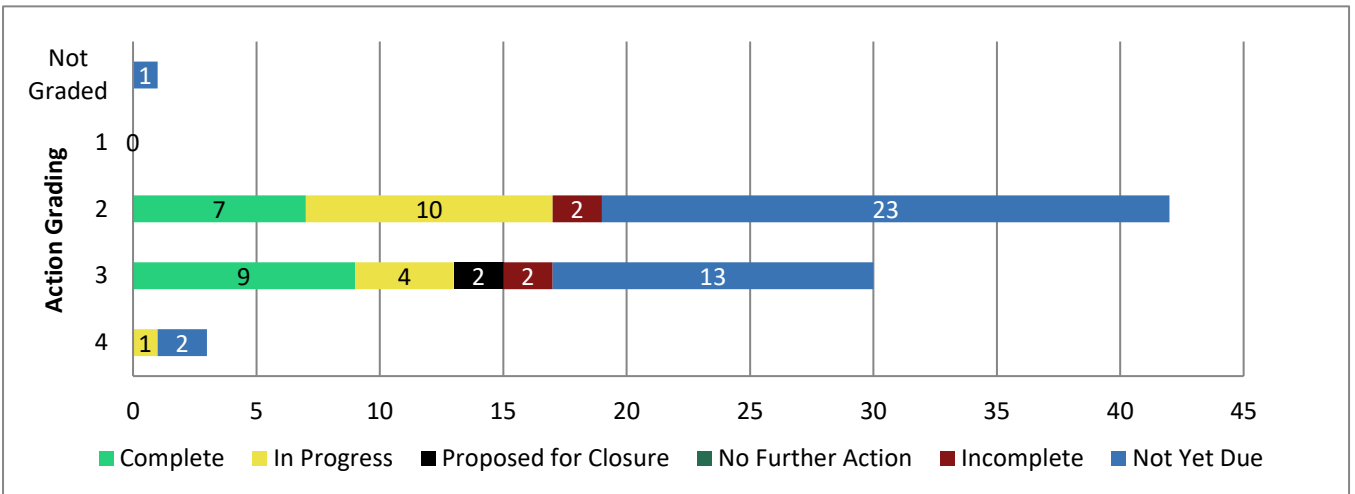
Open Internal Audit actions

The following graph illustrates management's progress in implementing actions since July 2018. The two lines show the total number of open actions, which includes those not yet due for completion, and the number of overdue actions that have passed their original completion date.

There has been an overall upwards trend in the volume of open internal audit actions, with an increase of 21 in his quarter. The number of overdue actions has also increased with an additional 10 actions now overdue as compared with last quarter.

Open Internal Audit Actions

Total open actions: 74, 95, 52, 53, 53, 41, 37, 47, 57, 39, 21, 18, 16, 21, 36, 32, 50, 39, 60

Overdue actions: 61, 79, 34, 12, 22, 17, 31, 33, 17, 20, 7, 4, 4, 9, 6, 10, 9, 11, 21

Months: Jul 18, Oct 18, Mar 19, Jun 19, Sep 19, Dec 19, Apr 20, Jun 20, Aug 20, Dec 20, Apr 21, Jun 21, Sep 21, Jan 22, Apr 22, Jun 22, Sep 22, Dec 22, May 23

Status by Grading[1]

Of the sixteen actions closed this quarter, nine (56%) were high risk (grade 3). Five of fifteen partially complete actions (33%) were either high or very high risk (grade 3 or 4 respectively). The majority of open actions have not yet fallen due.

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1 The ungraded action relates to our audit of Organisational Learning which intended to supported management by assessing what is already in place, identify gaps and/or areas for improvement, and develop an action plan to be taken forward. The presentation of the report did not require management responses in the same way as our 'usual' reports, therefore a grading was not agreed.

Movement in Audit Actions

The graph below prioritises the outstanding actions by grade, as reported in our follow up reports since July 2018.
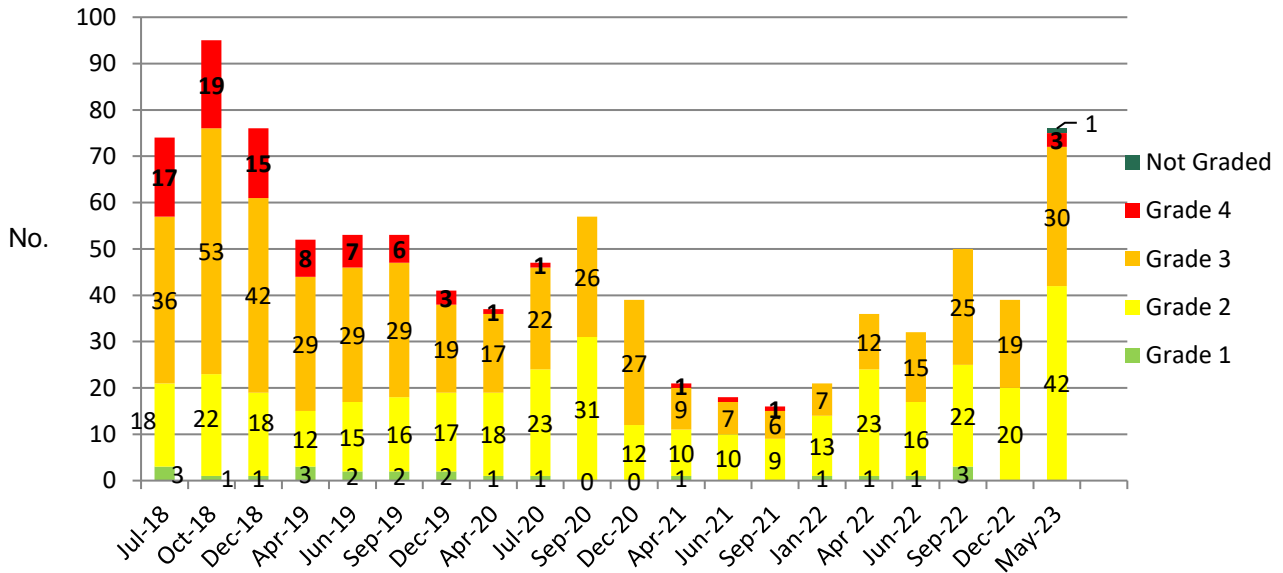
Appendix 2 sets out the current status of actions classed as "partially complete" or "incomplete" based on updates provided by management.

Appendix 1: Action status by report

Report title	Date of Issue	Audit Sponsor	Total report actions	Completed in previous quarters	Open in Qtr 4	Breakdown of Outstanding actions				
						Complete or no longer applicable	Proposed for closure	In Progress	Incomplete	Not Yet Due
Data Protection	Jun 20	ACC Professionalism and Assurance Interim Chief Executive	17	16	1	1	-	-	-	
Benefits Realisation and Efficiency Targets	Oct 20	Chief Digital Information Officer	11	9	2	-	2	-	-	-
Forensic Case Management	Nov 20	Director of SPA Forensic Services	3	2	1	-	-	1	-	-
Home Working Security	Mar 21	SPA CO, PS Deputy CO, Director of Forensics	4	3	1	1	-	-	-	-
2020-21 Sub Total			**35**	**30**	**5**	**2**	**2**	**1**	**-**	**-**
Legal Claims Handling	Aug 21	SPA Chief Executive DCC People and Professionalism PS Head of Legal Services	8	7	1	-	-	1	-	-
Strategic Planning	Dec 21	Director of Strategy and Analysis SPA Head of Strategy and Performance	4	2	2	2	-	-	-	-
Estates Management	Dec 21	Chief Financial Officer	7	6	1	-	-	1	-	-
Forensic Services Data Security Review	Mar 22	SPA Head of Finance, Audit and Risk	5	3	2	2	-	-	-	-
ICT Service Delivery	Apr 22	Chief Digital Information Officer	8	1	7	1	-	2	4	-
Health and Safety	Apr 22	ACC Professionalism and Assurance SPA Head of Workforce Governance	10	7	3	2	-	1	-	-
2021-22 Sub Total			**42**	**26**	**16**	**7**	**-**	**5**	**4**	**-**
Vetting	Jun 22	ACC Professionalism and Assurance	17	9	8	5	-	2	-	1

Business Continuity Planning	July 22	ACC Police Scotland	6	1	5	2	-	1	-	2
Business Continuity Planning – Forensic Services			6	-	6	-	-	5	-	1
Compliance arrangements – PAVA Spray and Airwave Terminal Units	Jan 23	ACC Professionalism and Assurance	9	-	9	-	-	1	-	8
Cyber Security	Jan 23	Chief Digital and Information Officer	14	-	14	-	-	-	-	14
Organisational Learning	Jan 23	ACC Professionalism and Assurance	1	-	1	-	-	-	-	1
Staff Absence & Modified Duties	Mar 23	Interim Director of People and Development, Police Scotland	12	-	12	-	-	-	-	12
2022-23 Sub Total			142	10	55	7	-	9	-	39
TOTAL			115	66	76	16	2	15	4	39

Appendix 2: Summary of actions past their current due date

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
2020/21 Reviews							
Benefits Realisation and Efficiency Targets	3.2 Performance impact of realised benefits We have previously raised recommendations in our 2019/20 review Demand and Productivity that relate to the development of measures of demand and capacity and the implementation of the Resource Allocation Model, which we understand will provide a greater ability to view organisational performance from a productivity and efficiency perspective. In the interim we recommend Police Scotland convert forecast or realised FTE benefits into a clearly articulated performance impact expressed in terms of operational performance metrics. Pending the review and implementation of the Resource Allocation Model, we recognise that there are limitations to the data available to support this, however potential approaches include: - Updating Benefit Profiles for benefits which release FTE such that they include a summary of expected impacts to relevant performance metrics and monitoring these in conjunction with benefits data collated by the Project Teams; or - Analysing divisional or organisational performance metrics against volumes of measured capacity or efficiency created in those areas to identify trends.	Director of Strategy and Analysis Head of Portfolio Management	3	31/12/21	~~31/07/22~~ ~~31/08/22~~ 30/06/23	The position as was reported to ARAC in January 2023 remains unchanged. There is a lack of projects that this can be applied to in order to evidence the process in place. We will continue to review opportunities to apply this process via the Strategic Efficiency Review work currently ongoing. We will continue to review at quarterly intervals.	**Proposed for closure**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
Benefits Realisation and Efficiency Targets	5.1 Organisational performance reporting Performance reporting should be revised to reflect realised benefits in terms of their impact on organisational performance. This may be contingent on the implementation of actions to address MAP 3.1 and 4.1, which would provide for the availability of relevant data to carry out this analysis.	Director of Strategy and Analysis	3	31/12/21	~~30/06/22~~ ~~31/08/22~~ 30/06/23	The position as was reported to ARAC in January 2023 remains unchanged. There is a lack of projects that this can be applied to in order to evidence the process in place. We will continue to review opportunities to apply this process via the Strategic Efficiency Review work currently ongoing. We have no revised timescales as no clear pathway to demonstrate but we will continue to review at quarterly intervals.	**Proposed for closure**
Forensic Case Management	4.1 Prioritisation and agreed timescales for casework The Forensic Service should ensure that the setting of service standards and expected timescales are addressed in the revised MoU. The MoU should specify the service standards required in enough detail that these can be seen to be consistent with the business rules applied by the Forensic Service and effectively monitored. If greater flexibility is required, the MoU could specify a process by which service standards are agreed and reviewed, to allow for these to be revisited without revising the MoU as a whole.	Director of Forensic Services	2	30/04/21	~~30/09/21~~ ~~31/12/21~~ ~~30/04/22~~ ~~30/09/22~~ ~~31/12/22~~ 30/05/23	Work continues to support implementation of an MOU. Regular updates are provided to the Forensic Services Committee (latest December 2022). The MOU is due to be discussed at the May ARAC, scheduled to occur 30/05/2023.	**In Progress**
2021/22 Reviews							
ICT Service Delivery	2.1 Performance Indicators We recommend that Digital Division works closely with stakeholders to develop and agree Key Performance Indicators and service levels for incident management, service requests and any other core BAU work. This could be achieved through a short-life working group involving senior Digital Division management and a small group of senior stakeholders. Following agreement of service levels, Digital Division should produce monthly reports for all stakeholders, ideally tailored to their specific area, as well as senior leadership across the wider organisations.	Head of ICT Service Delivery	2	31/03/23	31/03/24	Given the demands on Digital Division from other competing priorities associated with developing the TOM and Digital Strategy, it has not been possible to make the necessary progress to bring this action to a close. Now that these demands have settled, we have re-planned this action to deliver over the coming months. For clarity, a suite of indicators is already in place having been developed at the start of Police Scotland.	**In-complete**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
	A core part of implementing service level management activities should be to embed continuous service improvement. Digital Division should routinely monitor performance against service levels on an individual stakeholder and collective basis to identify opportunities to improve performance.					However, further consultation is required in order to address this finding.	
ICT Service Delivery	2.2 Service Catalogue We recommend that the Digital Division updates their service catalogue to cover all services within their portfolio, with reference to associated SLAs, targets, objectives, or performance expectations. We recommend that the service catalogue is published and available to view by individuals in the organisation outside of the Digital Division, whether this be on the organisation intranet or via regular communication.	Head of ICT Service Delivery	2	30/11/22	~~31/03/23~~ 31/08/23	Work is progressing with this action but full completion will be impacted by the new TOM development and work being undertaken in this area would likely supersede this action. We will be in a position to provide an update on progress and how this will be addressed once the TOM has moved through governance processes and therefore a milestone date has been applied for further updates.	**In–complete**
ICT Service Delivery	3.1 Demand Planning and Prioritisation We recommend that Digital Division, in collaboration with senior stakeholders in the organisation, develops and implements formal processes through which resource demands are collated and prioritised. Formal criteria should be developed to allow a consistent approach to prioritisation of demand over a rolling 12-18 month period. As part of this process, Digital Division should work with stakeholders to agree the management and governance arrangements for initial and ongoing review of prioritisation of demand. Governance arrangements should ensure that prioritisation of activities and resource allocation is business-led. This will allow Digital Division management to understand whether current resourcing requirements are capable of meeting demand, allowing decisions to be taken to increase resourcing or delay planned activity.	Chief Operating Officer	3	31/12/23	31/08/23	This action will be incorporated within the Digital Strategy and TOM which is in development. A briefing has been provided separately to Azets to show how the revised models will address this finding and offer assurance on the way forward. We have applied a milestone date for reviewing this recommendation as we will have an understanding of next steps for the TOM and Strategy as it moves through the governance process.	**In-complete**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
ICT Service Delivery	4.1 Resource Planning The Digital Division should establish formal resource management processes for non-Change programme activity. The recommendations set out in MAP3.1 should be considered as part of the development of this process. This process should factor in the resourcing requirements for the different layers of activities that staff are involved in, including BAU work, leave, training and service improvements. Management should investigate and where possible use historic trend information to support resource management activities, especially for areas where there are potential peak periods of workload/activity. We also recommend that Digital Division documents skills across the teams and use this information in support of a skills gap analysis. Where gaps in skills are identified, Digital Division management should work with Training to provide appropriate training to staff. Alternatively, management should explore options where it is better value for money in obtaining managed services for specific skills.	Head of ICT Service Delivery	3	28/02/23	31/08/23	PPM trial complete and paper drafted for SMT submission w/c 13th Feb - the outcome of the paper has noted that the PPM platform will not provide the DD with the required options to manage demand, planning and resource planning. Further consideration to next steps will be taken, however as part of the Digital Strategy and Digital Transformed work there is a requirement to ensure the correct structure, processes and tooling are in place to support demand and resource management. As a result of the work that is underway on our operating model it will be recommended that SFIA (Industry standard skills framework) is adopted in the Digital Division, in line with current processes. Further to this in order for us to move to the new TOM a high level skills gap analysis and recommended training plan has been identified. Further consideration to next steps will be taken, however as part of the Digital Strategy and Digital Transformed work there is a requirement to ensure the correct structure, processes and tooling are in place to support demand and resource management. A milestone date has been applied for August 2023 where a decision on the Strategy, TOM and associated funding will be known.	In-complete

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
Legal Claims Handling	5.2 (PS) Organisational Learning Subject to the implementation of MAP 5.1, Legal Services should seek to establish the review of legal claims as a potential source of organisational learning and align its review processes with the structures put in place to coordinate and implement any identified actions. In the interim, Police Scotland should incorporate organisational learning from existing reporting and communication channels into operational business areas.	DCC People and Professionalism	2	01/09/22	30/09/23	There is still consideration underway regarding the position in respect of introducing a Force-wide Organisational Learning Framework and function. Learnings from interim examples to be formalised for future learning.	**In Progress**
ICT Service Delivery	1.1 Service Requests We recommend that the Digital Division produces formal guidance on classifications of service requests and how each should be managed internally. For example, the guidance could set out sub-categories of 'coordinated activities' by scale (e.g. number of users / sites / devices) and provide details on how they are to be managed according to their respective category. This will be important in supporting effective resource planning and in managing customer expectations. Particular focus should be given to those service requests that are or could potentially be of a project nature. Where this is the case, Digital Division should ensure that they are subject to formal assessment and follow the correct governance and prioritisation pathway for approval e.g. BAU, internal Digital Division project, Change Portfolio, before any resources are assigned.	Head of ICT Service Delivery	3	31/03/23	30/10/23	This action has been delayed due to a bigger change being required to improve the flow of requests to support future requirements . Digital Division are working towards implementing this and the appropriate system changes have been made in the test environment. Processes are being developed and additional resource requirement has been identified to support this work. Progress Update - The Digital Division are working towards implementing this and the appropriate system changes have been made in the test environment. Processes are being developed and additional resource requirement has been identified to support this work to ensure that the process can support the system changes. Upon agreement on resource and process we will implement the system changes and complete the appropriate review thereafter.	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
ICT Service Delivery	1.2 Digital Division Performance Reporting We recommend that Digital Division management, in collaboration with relevant stakeholders, develops a formal performance reporting framework. This should include reporting to different audiences e.g. internally within Digital Division, customers (including SPA (Corporate) and Forensic Services, senior leadership within Police Scotland and SPA as well as to the SPA Board committees. The content of reporting should be geared to the specific needs of management and those charged with governance with consideration given to the level of detail included within reports and frequency of reporting.	Lifetime Process Manager	2	31/03/23	30/10/23	Full review of current KPIs that are reported on took place across the Digital Division and approved. These are communicated at this time only internally within the Digital Division on Monthly basis. We are currently undertaking a review of provision of a monthly newsletter which will be issued to the wider organisation and an update of our Intranet site. However really good progress in this action. We believe this to be a more informative and useful gauge of how Digital Division is performing and how that impacts/affects individual Divisions/Departments. A review of reporting provided by our Service Delivery teams into the business has taken place and Forensics Services have been used to test our thinking. A core data set will be identified providing standardisation or the data reported to our customers. A suite of managerial reporting to support the monitoring of request fulfilment is required and will be undergoing development. Work to specific the initial reporting requirements is at an advanced stage and requirements will be submitted to our business intelligence team by mid March to develop the reports. The concept is that each of the SD Leads can self-select the various flavours of statistical reporting provided to insert into the different Board reports and other reports (as appropriate and adding any other custom reporting as desired). The primary advantages are that; manual overheads of stats extraction will be minimised for the Leads and data will be reported-on using a consistent statistical basis.	In Progress

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
						In addition, we have set up a Digital Board that will provide full oversight on performance and digital transformation activities and be a more accountable and transparent process for measuring performance.	
Health and Safety	3.3 H&S Performance Reporting We recommend that the H&S Unit liaise with the appropriate oversight and governance groups to: • Identify a nominated champion for health and safety matters at Board level; and • Engage with that individual to understand their reporting needs and adapt reporting accordingly. Potential points for discussion include: • The presentation of data such that it clearly illustrates trends, and can be used to assess performance. • How to provide assurance that regular compliance activities, such as routine inspection of premises, have been carried out according to plan. • The required level of detail as to the progress of previously identified actions.	Health and Safety Manager	3	30/09/22	~~31/03/23~~ 30/06/23	The role of H&S champion will be covered collectively by the People Committee. SPA HR governance team will liaise/advise further.	**In Progress**
Estates Management	Police Scotland should prepare estates plans for national divisions and functions, similar in scope to those prepared for local policing divisions. This should include: - An assessment of the existing estates footprint of the division or function, and in particular identify areas where this is shared with other business areas; - An assessment of the future needs of the division or function including the outcomes of the condition survey and Strategic Workforce Plan; and - Consider opportunities to align with, or impacts upon, projects already included in the draft implementation plan.	Estates Transformation Lead	3	31/05/22	31/07/23	There are several projects in the Estates Transformation programme which relate to national divisions and functions, including some of the highest priority projects, for example Project Weaver (Forensics). It is also worth noting that when a project is considering a location where both local and national division are located, the needs of both the local and national divisions are taken into consideration. There are dedicated senior points of contact within the Estates Transformation	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
						team for each of the national divisions who meet on a monthly basis to help build estates plans for national divisions and functions. However, a holistic assessment of the needs of the national divisions and functions is required. Management intend to establish two new Boards for Estates Transformation, the Estates Local Policing Board and the Estates National Functions Board, which will focus on the development, design and implementation of estates plans, including bespoke elements of the implementation plan for each of the national divisions. These plans will cover footprint, future needs informed by the recent condition survey, specialist requirements, and SWP and will be integrated into the wider Estates Strategy implementation plan going forward.	
2022/23 Reviews							
Vetting	4.4 Demand Forecasting The Force Vetting Unit should consider the use of a demand forecasting tool where upcoming spikes in demand can be input to develop a visual dashboard of large intakes and projects. This will help in understanding demand, prioritisation of workload and allocation of resource accordingly.	Force Vetting Manager	2	31/03/23	30/06/23	Following discussion at the National Vetting Working Group in April 2023, a Workload Profiler tool was provided to the Force Vetting Manager. Further research is required in order to identify if this is suitable for Police Scotland and could bring the necessary benefit to help manage demand. The addition of the increased staff, Vetting Priority Form and the improved regular communication with key stakeholders is allowing for more advance notice of vetting demand which is allowing for better forecasting and planning in the meantime.	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
Vetting	5.1 Benchmarking Police Scotland should continue to assess demand levels and collaborate with other Forces to identify best practice solutions in meeting demand. Once the Vetting Unit has a more accurate demand forecast, Police Scotland should assess if the size and shape of the unit is appropriate to meet the identified business need. This review should also incorporate the impact of the recently approved additional Vetting Officer recruitment, Robotic Process Automation and RV renewals on both demand and resourcing. The Force Vetting Manager should review the forecast model, updated for past performance and learning as well as known future changes, at regular intervals to provide continued assurance that the composition of the Force Vetting Unit is appropriate and sufficient to meet demand.	Force Vetting Manager	3	31/03/23	30/06/23	Police Scotland is part of the National Vetting Working Group which provides opportunities to review good practice, benchmark and network with other Forces. In addition, the College of Policing collate Vetting establishment data and share with forces on a regular basis. The Vetting Unit benefited from an increase in 16 FTE last year and as these members of staff have now completed their training, we are now starting to understand the benefit these additional resources bring to the Vetting Team in terms of improving turnaround times. This is under constant scrutiny at SMT meetings and the Force Executive have also requested regular briefings on capacity to meet demand. Now that the staff are fully trained and their competency and speed is increasing, we will now be able to make a more informed assessment to determine if staffing levels are sufficient for current and future demand. The additional staffing, alongside the formalised approaches to managing prioritisation and the improved engagement with stakeholders is assisting with forecasting and managing demand better. We will progress this recommendation alongside exploring any tools that are able to assist as part of our response to 4.4.	**In Progress**
Compliance – PAVA Spray and Airwave	2.1 PAVA – Oversight arrangements We recommend that governance arrangements are reviewed, and a central oversight group established to	ACC Professionalism and Assurance	4	31/01/23	31/01/24	The end date is a typo - should read 31 January 2024 to coincide with the other actions.	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
Terminal Units	oversee the management of compliance for PAVA. This group should be responsible for overseeing PAVA guidance, managing compliance, and reviewing the output of compliance monitoring activities.					The Strategic Lead is ACC Professionalism and Tactical Lead is C/Superintendent Training & Development. A Short Life Working Group has been called and the first meeting is on 10 May with monthly meetings scheduled until September to ensure momentum with recommendations. A Terms of Reference has been created	
Business Continuity Planning	1.1 - Business Continuity Management Policy and Framework We recommend that Police Scotland, with support and input from SPA, develops and implements a Business Continuity policy and framework. This should include: • Purpose of the policy • Objectives and Definitions • Roles and Responsibilities • Reporting and governance arrangements • Incident Management • Business Continuity Management process and lifecycle • Testing • Monitoring • Evaluation • How and when to update Business Continuity Plans • Training The Divisional Guidance already addresses a number of these areas, and we recommend that the content is reviewed and used as the basis for developing the Business Continuity Policy and Framework. We recommend that Police Scotland and SPA management identify and record any risks relating to business continuity within relevant risk registers.	Superintendent EERP West	2	31/01/23	31/07/23	February 2023 - Document passports for both the Policy and the Guidance document (this covers the Framework). The Policy is drafted we are currently carrying out review of our stakeholders and will have this sent out for local consultation shortly. The Guidance is mid review and we will be sending it to Head of PARA in the next day or so with a view to having a discussion with her. We need to consult with Policy Support, Risk Management, and Digital Division on some of the content before we are happy to commit it as content. Obviously afterwards it will also need to follow the local consultation process. Request for new target of July to allow policy and framework to be implemented and approved by management	**In Progress**
Business Continuity Planning	1.1 Business Continuity Management Policy and Framework	Head of Quality Assurance and	2	31/12/22	31/05/23	The Forensic Services Business Continuity Plan and associated documentation was updated and prepared	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
	We recommend that Police Scotland, with support and input from SPA, develops and implements a Business Continuity policy and framework. This should include: • Purpose of the policy • Objectives and Definitions • Roles and Responsibilities • Reporting and governance arrangements • Incident Management • Business Continuity Management process and lifecycle • Testing • Monitoring • Evaluation • How and when to update Business Continuity Plans • Training The Divisional Guidance already addresses a number of these areas, and we recommend that the content is reviewed and used as the basis for developing the Business Continuity Policy and Framework. We recommend that Police Scotland and SPA management identify and record any risks relating to business continuity within relevant risk registers.	Information Compliance				for issue, including improved reference to risk registers. Due to the ongoing changes to the FS operating model, including role details and responsibilities, this document draft required further amendment and is currently going through the Management System approval process.	
Business Continuity Planning	2.1 Business Continuity Training We recommend that in coordination with the Police Scotland Business Continuity team, training for staff identified as part of the Business Continuity Management Response structure is undertaken to ensure that role holders are aware of key Business Continuity information, their roles and responsibilities and how to manage Business Continuity within their function. Further to this, the training should be refreshed on a regular basis. We also recommend that as part of onboarding for any staff newly assigned Business Continuity responsibilities that they undertake the training.	Head of Forensic Infrastructure & Support	2	31/03/22	30/06/23	Due to the ongoing changes to the FS operating model, including roles and responsibilities it is not prudent at this time to schedule Business Continuity training until we have a firmer idea of those new to the role who should be prioritised for this training. A review of compliance documents has noted that our site Persons in Control were formally provided training in 2017 through PSOS business continuity. Each site still has a PIC in place however we have contracted PSOS for refresher training. The Head of Quality & Assurance has engaged with Kirsty Anderson and Michelle Hutchison from the PSoS Business Continuity team to support this training work at the appropriate time.	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
						Each Head of Function will also be asked to refresh their local business continuity procedures that are not site specific and focused on their internal arrangements with a similar focus on the business continuity actions which were present during the Covid 19 Pandemic.	
Business Continuity Planning	3.2 Supplier Assurance We recommend that Forensic Services introduce, using a risk-based approach, an ongoing validation of supplier Business Continuity arrangements. This should form part of the BCP review process or be included in the annual review of suppliers. This process should seek to gain assurance that suppliers have maintained and exercised their own business continuity plans and would be able to continue to support the business in the event of a disruption to the supply chain.	Head of Quality Assurance and Information Compliance	2	31/12/22	31/05/23	Document Change request raised to ensure that all new critical suppliers are evaluated to gain assurance of adequate business continuity measures. The draft SOP is currently going through the Management System approval process.	**In Progress**
Business Continuity Planning	3.3 Immediate Response Plans We recommend that all immediate response plans are reviewed and updated. This will better position the organisation in the event that an incident occurs that requires immediate response and potential invocation of the BCP. We also recommend that a review process is established to ensure consistency in the approach to reviewing immediate response plans.	Head of Business Support	2	31/12/22	30/06/23	The Forensic Services Immediate Response Plans are closely linked to the FS Business Continuity Plan and require amendment concurrently. Due to the ongoing changes to the FS operating model, including role details and responsibilities, these documents will be issued in line with the FS BCP document.	**In Progress**
Business Continuity Planning	7.1 Business Continuity Testing We recommend that a formal programme of testing the business continuity plan is developed and implemented. Outcomes of the testing should be reported back to the Director of Forensic Services with forward reporting to the SPA Audit and Risk Committee (ARAC). The range of tests should include live testing, and simulations of different scenarios. Testing should be risk-based and	Head of Quality Assurance and Information Compliance	2	31/12/22	31/07/23	As part of our UKAS accreditation, FS perform testing of the business continuity plan. Outcomes of the testing are reported back to the Director of Forensic Services. We can report this to the SPA Audit and Risk Committee (ARAC). The range of tests include live testing, and simulations of different scenarios. Testing	**In Progress**

Report/ Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q4 Follow Up	Status
	targeted for those areas of the organisation that are identified as being most susceptible to an incident and/or would suffer the most adverse consequences. Live testing seeks to recreate a realistic threat to Business Continuity. These tests should, where possible, closely simulate an actual incident to provide assurance that BCP will aid the return of disrupted business critical services. Tests of plan should also consider involvement of areas that provide services to and from the areas under test, including IT representation to provide additional challenge, where assumptions may be made across areas. We also recommend where testing, assumptions should be subject to challenge. The outcomes of testing, as well as responses to live business disruptions, should be formally documented and identify 'lessons learned' with actions from these tracked to completion, including updates to BCP documentation.					is risk-based and targeted for those areas of the organisation that are identified as being most susceptible to an incident and/or would suffer the most adverse consequences. The next test is scheduled for completion before the end of July 2023 and will involve the loss of a key supplier. Similarly, a test is scheduled for June 2023 for PM Tox to ensure that assurance is provided in this new area of testing. Tests, where possible, closely simulate an actual incident to provide assurance that BCP will aid the return of disrupted business critical services. Tests of plans also consider involvement of areas that provide services to and from the areas under test, including IT, where assumptions may be made across areas. Assumptions are subject to challenge. The outcomes of testing, as well as responses to live business disruptions, are formally documented in Q-Pulse, with actions and 'lessons learned' recorded, including any relevant updates to BCP documentation.	

Appendix 3: Audit Risk Categorisations

Management action grades

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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SCOTTISH POLICE AUTHORITY

Internal Audit Progress Report to the Audit Risk and Assurance Committee

June 2023

This report is confidential and provided solely for the use of the organisation to which it is addressed. Where this report issued in draft, it will be superseded by our final report. It is provided to you solely for your confidential use for discussion purposes only. You should not rely upon its contents as it may not refer to all material matters and available information within the scope of our work and we reserve the right to delete, add or otherwise amend its contents.

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.

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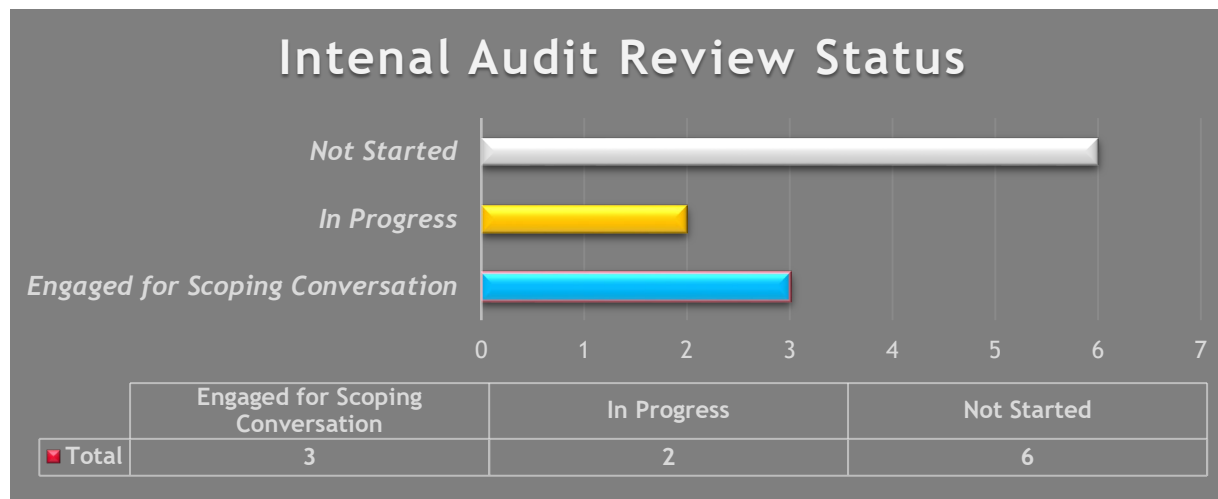| CORE INTERNAL AUDIT TEAM	
Claire Robertson	Head of Internal Audit
Lucy Zhang	Senior Manager
Kara Flannigan	Manager

⌐BDO

1   Executive Summary

Intenal Audit Review Status

	Engaged for Scoping Conversation	In Progress	Not Started
☒ Total	3	2	6

Audits	Status
Core Financial Systems - General Financial Controls	In Progress
Decision Making Processes - Governance	In Progress
Ill Health Retirements and Injury	Engaged for Scoping Conversation
Electronic Data Retention plus iVPD focus	Engaged for Scoping Conversation
Biometrics	Engaged for Scoping Conversation
Budget Setting/Prioritisation	Not Started
Review of IT General Controls	Not Started
New Legislation	Not Started
Grievance Process	Not Started
Best Value Readiness	Not Started
Middle Office Restructure Project*	Not Started

| HEADLINES |

The internal audit plan is being delivered to the agreed timetable as below. No findings or issues arising from internal audit are being reported to the June 2023 ARAC. As per the agreed timetable, BDO will start reporting audit review results from August 2023 ARAC onward.
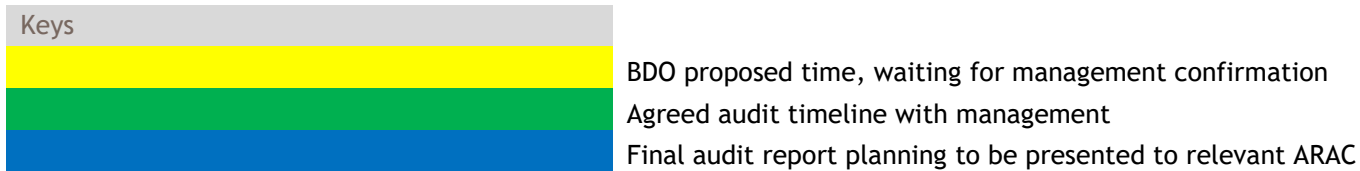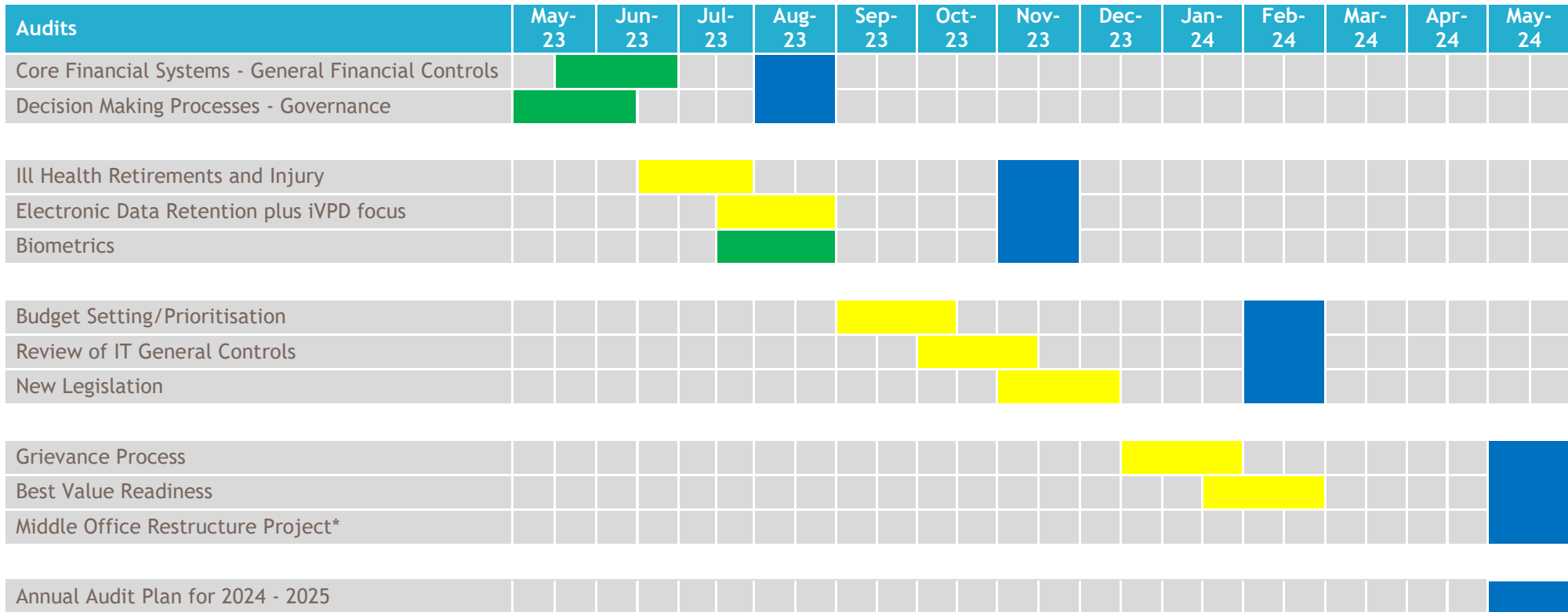
The Core Financial Systems - General Financial Controls and Decision Making Processes - Governance reviews are in progress, with testing being finalised. Both reviews are scheduled to be reported to August 2023 ARAC meeting.

All three reviews scheduled to be reported in November 2023 ARAC are in the scoping phase.

The Middle Office Restructure Project review was previously suggested to be removed from the plan as the project was not progressing. However, we now proposed to include an audit on this project, with a focus on the lessons learned from the work to date.

In Appendix I, we have included our reporting definitions for our audit reports going forward for reference.

2   FY2023/2024 Proposed Timeline for Internal Audits

Audits	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		🟩		🟦									
Decision Making Processes - Governance	🟩			🟦									
Ill Health Retirements and Injury			🟨				🟦						
Electronic Data Retention plus iVPD focus				🟨									
Biometrics			🟩										
Budget Setting/Prioritisation					🟨					🟦			
Review of IT General Controls						🟨				🟦			
New Legislation							🟨			🟦			
Grievance Process								🟨					🟦
Best Value Readiness									🟨				🟦
Middle Office Restructure Project*													🟦
Annual Audit Plan for 2024 - 2025													🟦

Keys	
🟨	BDO proposed time, waiting for management confirmation
🟩	Agreed audit timeline with management
🟦	Final audit report planning to be presented to relevant ARAC

* Previously suggested to be removed from plan as project not progressing. Now proposed to include audit on middle office with a focus on lessons learned from the work to date.

3   Significant Issues and Themes

We have nothing to report given the early stage of plan delivery. Audits are in progress and are scheduled to be reported to ARAC from August 2023 onwards.

4 Internal Audit Plan Update

No further updates to be included this ARAC meeting.

Appendix I   Reporting Definitions

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL			OPERATIONAL EFFECTIVENESS	
	Findings From Review	Design Opinion		Findings From Review	Effectiveness Opinion
Meets Expectations	The arrangements are suitable and mitigate the key risks. No more that best practice recommendations made.	There is a sound system of internal control in line with the Board's risk appetite and our understanding of the expectations of regulators.		The key controls are all found to be working effectively. No more than minor operation issues in respect of non key controls	The controls in place are being applied consistently and effectively
Meets Expectations In Most Respects	The arrangements are generally suitable and mitigate key risks but there are some moderate weaknesses. No High or Very High priority recommendations made.	There is generally a sound system of internal control in line with the Board's risk appetite and our understanding of the expectations of regulators. with some exceptions		The key controls are found to be working effectively in most cases but with a small number of exceptions	The controls are generally working effectively but some exceptions were identified.
Needs Improvement	The control arrangements contain one or more significant gaps or there is a clear risk of non-compliance with regulations.	The control arrangements contain significant weakness and need to be strengthened as a priority.		A number of significant or recurring exceptions found in testing.	The controls are not operating effectively in some key areas
No Assurance	The control arrangements contain a number of significant gaps leading to us considering significant risks not managed or a significant non compliance with recommendations	The control arrangements are inadequate to manage the risks.		Either there is no evidence that a number of significant defined controls are operating or there are no defined controls in place.	The control operation cannot be relied upon.

RECOMMENDATION SIGNIFICANCE		
Very High		A weakness where there is a substantial risk of loss, fraud, impropriety, regulatory breach, continuity failure or a failure to achieve organisational objectives. The impact on the Firm of the risk materialising could be very significant. Remedial action must be taken urgently.
High		A weakness where there is a substantial risk of loss, fraud, impropriety, regulatory breach, or a failure to achieve organisational objectives or operate to the Firm's policies. The impact on the area of activity and/or the Firm of the risk materialising could be significant. Remedial action is required.
Medium		A weakness in internal control or a non compliance that results in the Firm being exposed to a moderate risk of loss, fraud, impropriety, not meeting regulatory expectations or operation outside of the risk appetite.
Low		A minor weakness in internal control that is unlikely to expose the Firm to loss, minor fraud or failure to achieve organisational objectives. Failure to comply with good practice or evidence of inefficiency.
Observation		Items requiring no action but may be of interest to management or the Board.