

Meeting	Audit, Risk and Assurance Committee
Date	15 September 2022
Location	By video-conference
Title of Paper	Internal Audit Update
Presented By	John McNellis, Head of Finance Audit and Risk Elizabeth Young, Azets
Recommendation to Members	For consultation
Appendix Attached	Appendix A: Internal Audit Progress Report Appendix B: Management Action Follow Up

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 2022/23 was approved by the SPA Board in February 2022.
- 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.

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.
- 2.2 The plan includes ten assignments, excluding follow up, of which three (30%) have now been fully completed.
- 2.3 The remainder of audits are scheduled to be reported to ARAC as follows:-
 - January
 - Organisational Learning
 - Change Management: Organisational Design
 - Cyber Security
 - May
 - Staff Absence and modified duties
 - Change management DESC
 - PS Compliance
 - SPA Forensics Physical Data Management
- 2.4 Internal audits KPI's are outlined in the report. All KPI's are shown as "green".
- 2.5 A change to the scope for the organisational learning audit is proposed as outlined on page two of appendix A. Instead of reviewing existing arrangements as originally envisaged, Azets will support management by assessing what is already in place, identify gaps and/or areas for improvement, and develop an action plan to be taken forward. This change, as outlined in the appendix, requires an increased number of days (from 30 to 55) utilising the 25 days contingency included in the plan.

2.6 The rationale for this change and increased days has been considered with Azets and without this increase the audit would provide limited value to the service. The SPA is content to recommend this revision to ARAC.

Management Action Follow-up (appendix B)

2.7 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.

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

Actions	Number of actions:
Previously open	32
Add new	27
Less closed	(9)
Remaining open	50

2.9 In their report, Azets note that there is an overall upward trend in the volume of open internal audit actions. However, this increase does relate to the recently published report with 17 of the 27 newly added actions relate to one report; review of vetting.

2.10 While the overall number of open actions has increased, there continues to be no open grade 4 recommendations.

2.11 Actions which have passed their original due date represent 18% (nine) of the currently open actions which is a decrease, compared to the previous quarter, from ten overdue. Full detail of the overdue actions and an update on progress is included within appendix B.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications associated with this paper.

4. PERSONNEL IMPLICATIONS

4.1 There are no personnel implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 There are no 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 progress against the annual internal audit plan (2022/23);
- Endorse the change of scope for the organisational learning audit and
- Note progress regarding the follow up of internal audit actions.



Scottish Police Authority
Internal Audit
Progress Report
September 2022



Scottish Police Authority

Internal Audit Progress Report

Summary	1
Appendix 1 – 2022/23 audit plan progress	3
Appendix 2 – Additional Work	5
Appendix 3 – Progress against KPIs	6

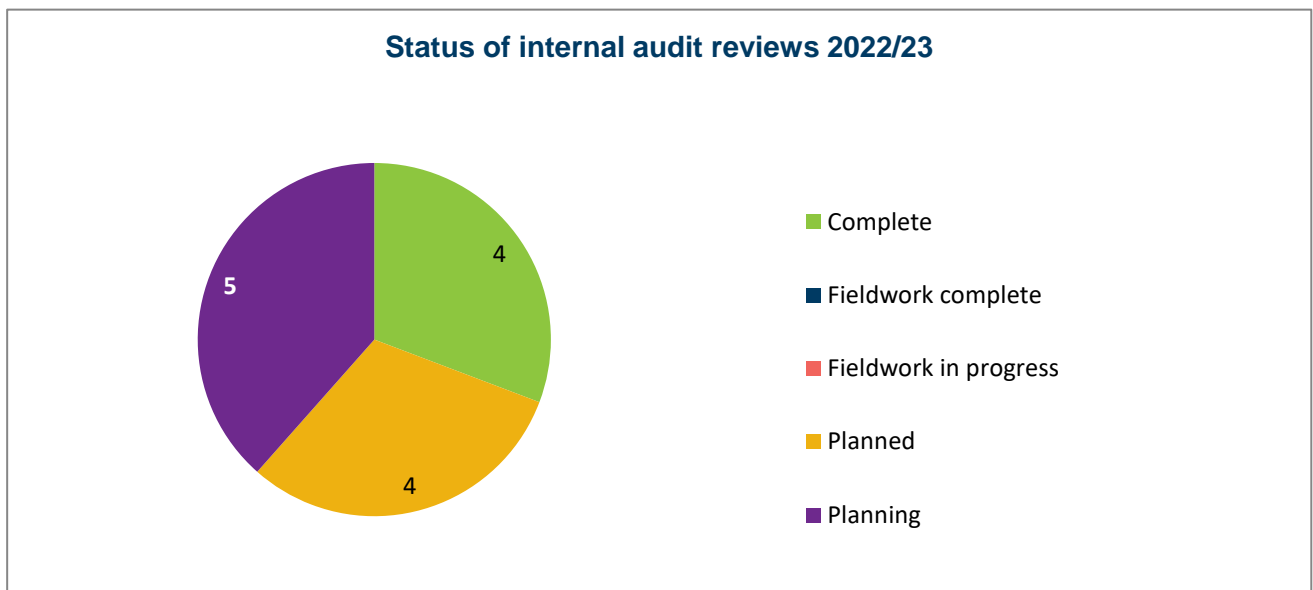
Summary

This paper provides the Audit, Risk, and Assurance Committee 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

In the latest period to September 2022 we have completed the following audits, final reports of which are included as appendices:

- D.1 Business Continuity Planning (Forensic Services)
- G.4 Q2 Follow Up



We have also begun scoping our work for the remainder of the year, most notably progressing discussions to agree the scope and timing of our audits of Organisational Learning, Change Management (DESC) and Cyber Security.

Plan for Quarter 3 of 2022/23

The following reports are due to be presented to the January 2023 meeting of the Audit and Risk Committee:

- B.3 Organisational Learning
- C.10 Change Management: Organisational Design;
- D.3 Cyber Security; and
- G.4 Q3 Follow-Up

Amendment to the 2022/23 Plan

Work is ongoing within Police Scotland to refine arrangements around organisational learning. As such, there are not yet well-established or defined processes or controls in place which span the organisation and comprise a framework. Instead of reviewing existing arrangements, we will support management by assessing what is already in place, identify gaps and/or areas for improvement, and develop an action plan to be taken forward.

This represents a change in approach to both fieldwork and reporting from that initially planned when the audit plan was developed and approved. In particular, our approach will include interviews and workshops with management across various areas of the organisation and a consequent increase in audit days.

Audit	Change (days)	Scope
B.3 Organisational Learning	+25	<p>To develop a baseline of existing organisational learning activity and produce an action plan to support future development. This will include an assessment of organisational learning structures already in place or in development within the organisation, and their suitability for wider implementation.</p> <p>This work will involve carrying out workshops, reviewing evidence and interviewing individuals currently involved in organisational learning activity across Police Scotland to identify areas of good practice and to understand how those can be best replicated.</p>
Contingency	-25	
NET CHANGE	+/-0	

Action for Audit, Risk, and Assurance Committee

The Audit, Risk, and Assurance Committee is asked to note the contents of this report, endorse the use of contingency days, and to approve the plan for the next quarter. We invite any comments on the format or content of this report.

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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	Planned	Q3	Jan 23	
B.4 Staff Absence and Modified Duties	Director of People and Development SPA Head of Workforce Governance	Planning	Q4	May 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	Planned	Q2	May 23	
C.10 Change Management: Organisational Design	TBC	Planning	TBC	TBC	
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

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Ref and Name of report	Audit Sponsor	Status	Quarter	Planned ARAC	Actual ARAC
D.3 Cyber Security	Chief Digital and Information Officer SRO Cyber Strategy Implementation Programme SPA Head of Finance, Audit and Risk	Planning	Q3	Jan 23	
G.5 PS Compliance	ACC Professionalism and Assurance ACC Major Crime and Public Protection SPA Head of Finance, Audit and Risk	Planning	Q4	May 23	
G.6 SPA/ Forensics Physical Data Management	TBC	Planning	Q4	May 23	
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	Planned	Q3	TBC	
G.4 Follow up Q4	N/a	Planned	Q4	TBC	

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 billed to date

No additional work has been undertaken since the last update presented to the committee in July 2022. Our work in relation to COP26 is now complete and the cumulative fee is set out below.

Description	Instructed by	Fees since last update	Cumulative fee (including this period)
COP26 Assurance	James Gray, CFO	£-	£102,404
Total		£-	£102,404

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 2022/23 Internal Audit Plan was approved by the SPA Board at the March 2022 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. 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 May 2022 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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Scottish Police Authority

Internal Audit Report

Management Action Follow-up

Q2 2022/23

September 2022



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Scottish Police Authority

Internal Audit Report

Management Action Follow-up – Q2 2022/23

Introduction and background	1
Summary of progress	2
Appendix 1: Action status by report	5
Appendix 2: Summary of actions past their current due date	7
Appendix 3: Audit Risk Categorisations	13

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 Q2 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 July 2022:

	Number of Actions
Open actions brought forward	32
Actions added to tracker	27
Total actions to follow-up	59
Actions closed	9
Open actions carried forward	50

Status of Actions as at September 2022



We have validated the closure of 9 actions (15%) in the period to September 2022, including one higher risk action. In relation to the remaining actions, 41 (70%) were not yet due at the time of our validation work and a further 9 (15%) are in progress but have passed their original due date. Further detail on all actions that have passed their original due date for completion is included at Appendix 2.

We have received updates for all actions that have fallen due. We have received revised due dates for all overdue actions.

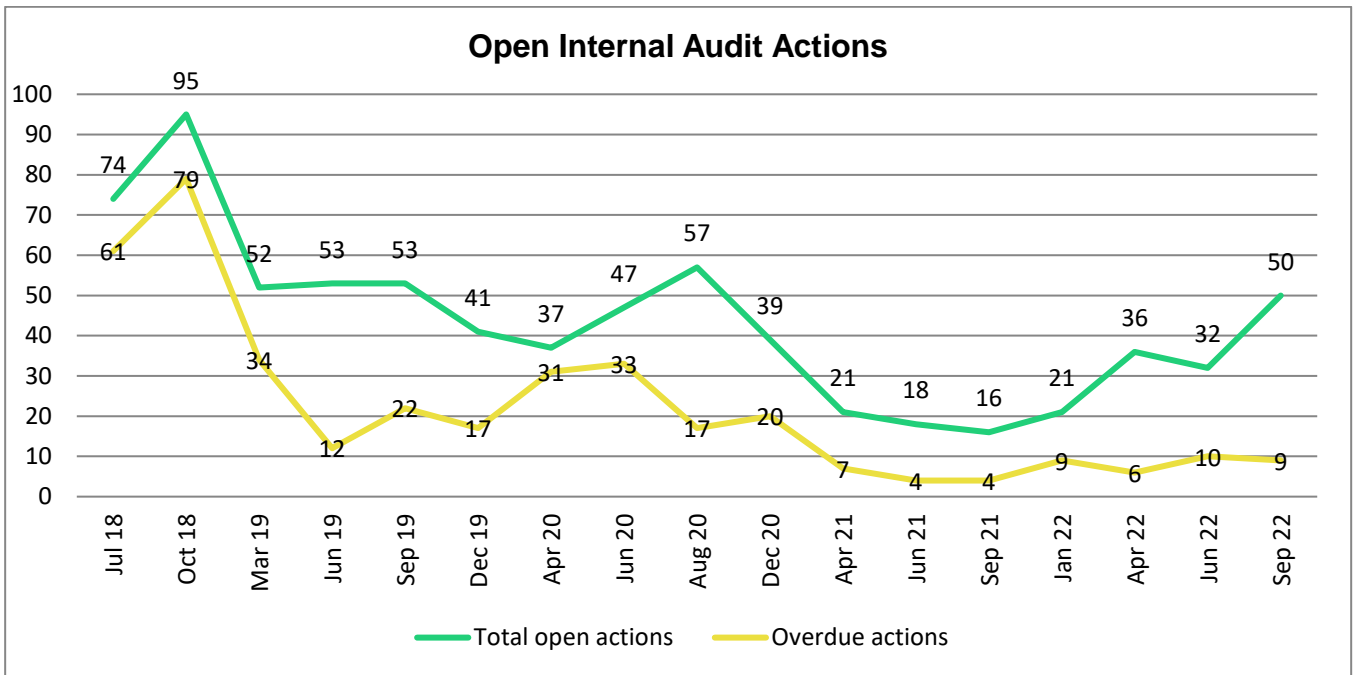
We consider that management has made reasonable progress in implementing agreed audit actions. Actions that have passed their original due date represent a minority of the currently open actions.

A summary of the status of actions by report is shown at Appendix 1.

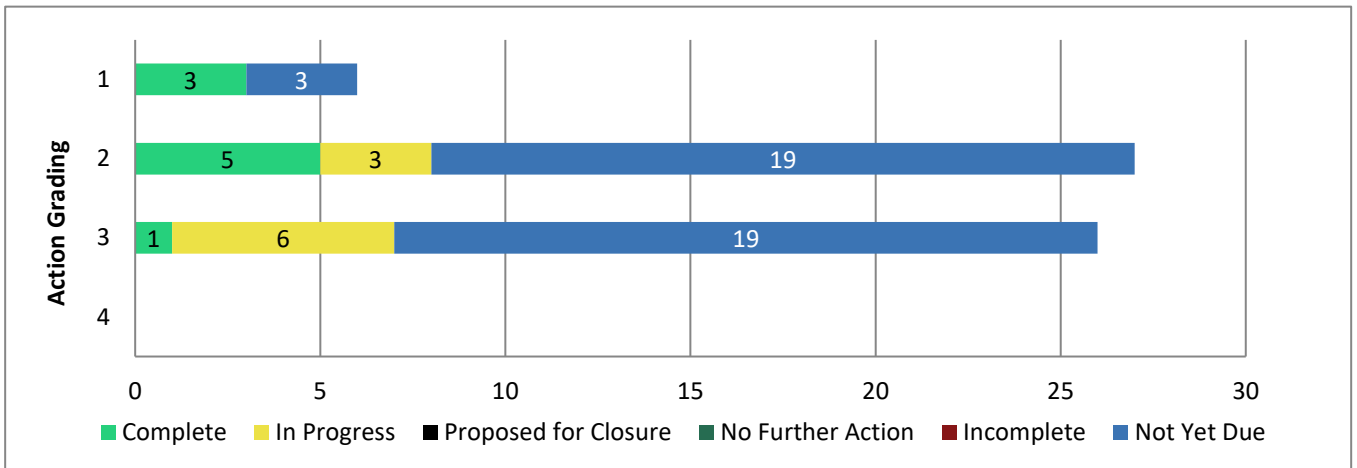
Open Internal Audit actions

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 is an overall upwards trend in the volume of internal audit actions, however we note that 17 of the 27 actions added to the tracker this quarter relate to one report, which is the review of Vetting. The number of overdue actions has remained relatively stable.



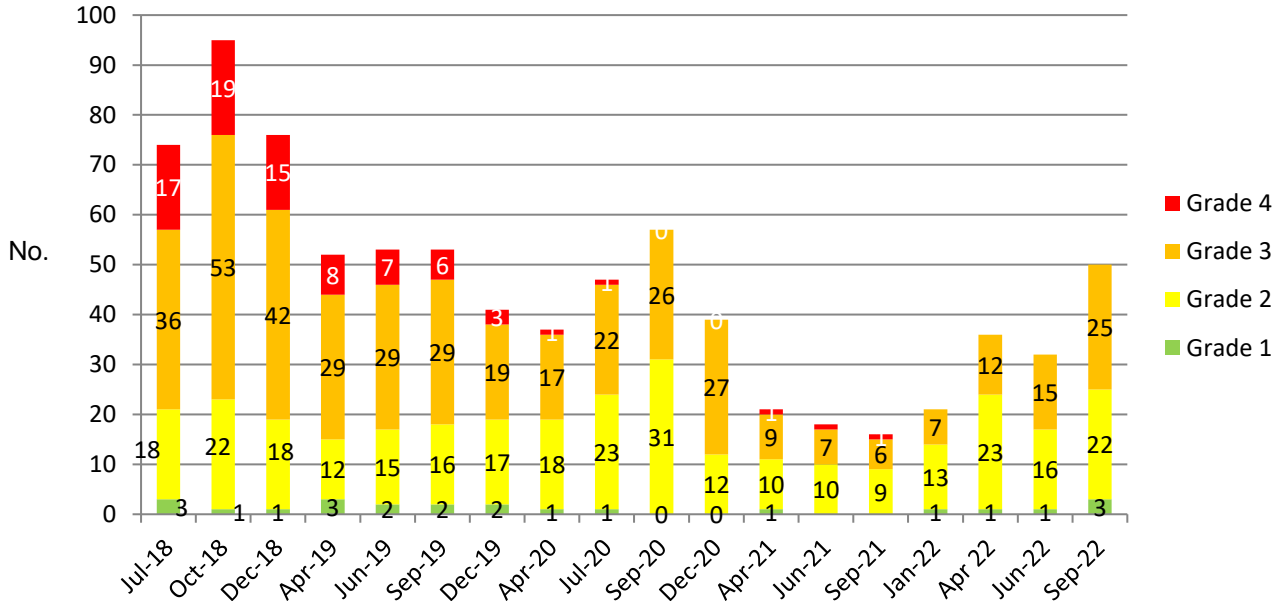
Status by Grading



There are no Grade 4 actions currently open, and the majority of open actions have not yet fallen due.

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 2	Breakdown of Outstanding actions			
						Complete or no longer applicable	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	-	-
Performance Management	Jan 21	Director of Strategy and Analysis	7	4	3	-	3	-	-
Home Working Security	Mar 21	SPA CO, PS Deputy CO, Director of Forensics	4	3	1	-	-	-	1
2020-21 Sub Total			42	34	8	-	7	-	1
Legal Claims Handling	Aug 21	SPA Chief Executive DCC People and Professionalism PS Head of Legal Services	8	7	1	-	-	-	1
Data Quality and Integrity	Sept 21	ACC Professionalism and Assurance	6	4	2	1	-	-	1
Overtime and Allowances	Dec 21	Director of People and Development	4	2	2	2	-	-	-
Strategic Planning	Dec 21	Director of Strategy and Analysis SPA Head of Strategy and Performance	4	2	2	-	-	-	2
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	-	8	1	-	-	7
Health and Safety	Apr 22	ACC Professionalism and Assurance SPA Head of Workforce Governance	10	3	7	1	-	-	6
2021-22 Sub Total			45	21	24	5	2	-	17

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Core Financial Systems (Receivables, Cash and Treasury Management)	Jun 22	Chief Financial Officer	4	-	4	4	-	-	-
Vetting	Jun 22	ACC Professionalism and Assurance	17	-	17	-	-	-	17
Business Continuity Planning	July 22	ACC Police Scotland	6	-	6	-	-	-	6
2022-23 Sub Total			27	-	27	4	0	-	23
TOTAL			114	55	59	9	9	-	41

Appendix 2: Summary of actions past their current due date

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q2 Follow Up	Status
2020/21 Reviews							
Data Protection (SPA)	<p>6.1 Monitoring of Training Completion Rates</p> <p>We recommend that the Information Management team requests and receives online training completion rates from Police Scotland on a regular basis e.g. monthly or quarterly. These reports should be reviewed to identify any staff who have not yet completed the training. Those staff who have not completed the training should be reminded to do so. If staff persist in not completing the training, the issue should be escalated to their line manager and then to senior management, if necessary.</p>	Head of IM	2	30/06/2021	31/12/2021 31/03/2022 30/06/2022 31/12/2022	Moodle training module is still not available to SPA. The action has been chased and escalated and a further update will be provided.	In Progress
Forensic Case Management	<p>4.1 Prioritisation and agreed timescales for casework</p> <p>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.</p>	Director of Forensic Services	2	30/04/2021	30/09/2021 31/12/2021 30/04/2022 30/09/2022 31/12/2022	<p>A draft revised MoU has been developed and shared with the Forensic Services Committee, however, lack of engagement from partner organisations means that this has not yet been agreed.</p> <p>The draft MoU and an update report has been provided to the Forensic Service Committee to decide next steps.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q2 Follow Up	Status
Benefits Realisation and Efficiency Targets	<p>3.2 Performance impact of realised benefits</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> - 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	31/12/2021	31/07/2022 31/08/2022 31/12/2022	<p>The performance framework 22/23 refresh is currently underway along with the development of the Force Strategic Assessment 23/28.</p> <p>An interim update will be provided by December 2022.</p>	In Progress
Benefits Realisation and Efficiency Targets	<p>5.1 Organisational performance reporting</p> <p>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.</p>	Director of Strategy and Analysis	3	31/12/2021	30/06/2022 31/08/2022 31/12/2022	<p>The performance framework 22/23 refresh is currently underway along with the development of the Force Strategic Assessment 23/28.</p> <p>An interim update will be provided by December 2022.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q2 Follow Up	Status
Performance Management	<p>3.1 Defining and Recognising Good Performance</p> <p>Police Scotland should develop a documented, systematic approach to analysing data and engaging with business areas. The approach should establish a performance baseline and seek to measure the impact of management action upon that baseline, accounting for external factors. We recommend that the APU:</p> <ul style="list-style-type: none"> Define and document, in consultation with the business areas under scrutiny, the factors expected to influence the performance measures that are relevant to that area - this should include both external factors that would be expected to impact upon performance measures, and the expected impact of Police Scotland's activity; Define and document the reporting treatment of the indicators that contribute towards the applicable measures of progress, including its presentation and the relevant comparators (e.g. against prior year, five year trend, etc); For each upcoming reporting period, identify and document the activity being undertaken in each business area, and the effect upon performance that it is intended to have; and For each reporting period, consider the actual movement in performance data and assess whether this is consistent with the previously established expectation. The Performance Questions articulated within the Performance Framework could provide the basis of such an approach. This nature of the information recorded to support this assessment will, by necessity, differ depending upon the area under review. 	Alison Shepherd, Interim Head of APU	3	31/05/2022	30/09/2022 30/11/2022	A working document to address the action is currently in development. The completion of this has been delayed by internal changeovers and demands of Q1 reporting.	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q2 Follow Up	Status
Performance Management	<p>4.1 Half Yearly Reporting</p> <p>Police Scotland should, in consultation with the PPC, update the form and content of the half-yearly report such that it clearly identifies the objective or outcome that the activity is intended to produce, and appropriate supporting information to evidence whether this is being achieved, or on track to be achieved as planned. Where the activity is a change activity or project, this could make reference to appropriate project milestones. For ongoing or business as usual activities, this should be linked to performance management information, either aligned with quarterly reporting or expressed in terms of the KPIs used in the business area carrying out the activity.</p> <p>Where issues have been identified which suggest there is a risk to the achievement of the expected outcome, the remedial action identified and implemented should be articulated with an appropriate timescale.</p> <p>In line with MAP 4.2, the overall approach to drafting the report, and the policy as regards the information it is necessary to obtain and include within the report, should be documented.</p>	Alison Shepherd, Interim Head of APU	3	31/05/2022	30/11/2022	<p>Completion of this action is dependent on the publication of the half yearly reports to PPC.</p> <p>The revised due date has been proposed to align with the reporting cycle.</p>	In Progress

Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q2 Follow Up	Status
Performance Management	<p>4.2 Reporting Policy</p> <p>The APU should define a policy or set of principles that underpins its approach to the identification of the highest priority matters. This should include:</p> <ul style="list-style-type: none"> The approach to the use of exception reporting, including the circumstances in which indicators outwith the core measures of progress will be reported; and The methodology for the identification and presentation of issues of significance identified within performance reporting. <p>As the preparation of performance reporting will always involve a degree of judgement, we recommend a principles-based approach to developing such a policy. The policy should be conceived as a tool to inform and support decision making, as opposed to a prescriptive set of rules, or scoring system. Once implemented, the policy should remain under review in response to feedback.</p>	Alison Shepherd, Interim Head of APU	2	31/05/2022	30/09/2022 30/11/2022	<p>A working document to address the action is currently in development. The completion of this has been delayed by internal changeovers and demands of Q1 reporting.</p> <p>The revised due date has been proposed to align with the reporting cycle.</p>	In Progress
2021/22 Review							
Forensic Services – Data Security	<p>Recommendation 1</p> <p>Please refer to the Private session papers of the March 2022 Meeting of the ARAC</p>	Forensic Services/SPA IM	3	30/06/2022	31/12/2022	<p>This action relates to the delivery of training material, however the Moodle training module is still not available to SPA. The action has been chased and escalated and a further update will be provided.</p>	In Progress

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Report/Action	Recommendation	Action Owner	Grade	Original timescale	Revised timescale	Update 2022/23 Q2 Follow Up	Status
Forensic Services – Data Security	Recommendation 3 Please refer to the Private session papers of the March 2022 Meeting of the ARAC	SPA IM/ Forensic Services	3	30/06/2022	31/12/2022	This action relates to the delivery of training material, however the Moodle training module is still not available to SPA. The action has been chased and escalated and a further update will be provided.	In Progress

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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