

**Responsible Officer** Ceri Pilawski

e-mail: [ceri.pilawski@shropshire.gov.uk](mailto:ceri.pilawski@shropshire.gov.uk) Telephone: 01743 257739

## 1. Summary

This annual report provides members with details of the work undertaken by Internal Audit for the year ended 31 March 2020. It reports on progress against the annual audit plan. It also provides the Head of Audit's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes when considering the Public Sector Internal Audit Standards or Guidance, as required by the Accounts and Audit Regulations 2015.

Final performance has been good with 100% of the revised plan being delivered and a bespoke piece of work looking at the use of credit cards reported on in 2019/20.

Nine audit reports were issued during the year resulting in two good, three reasonable and four limited assurances being made. A limited assurance opinion was given in respect of Payroll; Financial System; IT Payroll application and the Investigation Follow Up reviews. Specific details of the concerns raised in each of these audits are detailed in **Appendix A** and paragraphs 5.11 to 5.13 in this report.

These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested. The Committee should ensure that they are receiving appropriate assurance from managers that action plans are being implemented.

A total of 93 recommendations have been made in the nine audit reports issued in the year. No fundamental recommendations have been made during 2019/20. Based on the work completed, the areas attracting limited assurance for newly adopted systems that continue to be embedded and the partial delivery of previous recommendations I have reached the following opinion:

***Based on the work undertaken and management responses received; I can offer reasonable assurance for the 2019/20 year that the Authority's framework for governance, risk management and internal control processes is sound and working effectively.***

***Generally, risks are well managed, but some areas require the introduction of, compliance with or improvements to internal controls, to ensure the achievement of the Authority's objectives. 2019/20 has continued to see the embedding of key business system changes, delivered in the areas of financial and human resources, alongside the challenge to continue to deliver savings and increased efficiency.***

## 2. Recommendations

The Committee are asked to consider and endorse, with appropriate comment;

- a) Performance against the Audit Plan for the year ended 31 March 2020.
- b) Reasonable assurance can be provided that the system of governance, risk management and internal control is operating effectively and can be relied upon when considering the Annual Governance Statement for 2019/20.
- c) The Head of Audit's reasonable year end opinion on the Authority's internal control environment for 2019/20 based on the work undertaken and management responses received.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Authority's financial, governance and risk management systems and procedures and is closely aligned to the Authority's risk register. The Plan is delivered in an effective manner; where Internal Audit independently and objectively examines, evaluates and reports on the adequacy of its customers control environments as a contribution to the proper, economic, efficient and effective use of resources. It provides assurances on the governance, risk management and internal control systems, by identifying areas for improvement or potential weaknesses and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal controls create an environment where poor performance, fraud, irregularity and inefficiency can go undetected leading to financial loss and reputational damage.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015. There are no direct environmental, equalities or climate change consequences of this proposal.
- 3.3 Internal Audit customers are consulted on the service that they receive, feedback from which is included in this report and continues to be positive.

### **4. Financial Implications**

- 4.1 The Internal Audit plan is delivered within approved budgets; the work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the Authority.

### **5. Background**

- 5.1 This report is the culmination of the work of the Internal Audit team during 2019/20 and seeks to:
  - Provide an opinion on the adequacy of the risk management, control and governance arrangements;

- Inform the annual review of the effectiveness of its system of internal control that informs the Annual Governance Statement by commenting on the nature and extent of significant risks; and
  - Inform the review of an effective Internal Audit by providing performance data against the plan.
  - Confirm to the Standards, Audit and Performance Management Committee that the Audit service has been delivered free from interference throughout the year.
- 5.2 The requirement for Internal Audit derives from local government legislation, including section 151 of the Local Government Act 1972 which requires the Authority to plan for the proper administration of its financial affairs. Proper administration includes Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 5.3 The Public Sector Internal Audit Standards (PSIAS) define the scope of the annual report on internal audit activity. The annual report must incorporate an annual internal audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This annual report provides information to support that assessment and that an effective Internal Audit is established at Shropshire Fire and Rescue Service, in accordance with the requirements of the 2015 Accounts and Audit Regulations. The Internal Audit Service is provided by Shropshire Council. In July 2020, a paper will be presented to Shropshire Council’s Audit Committee which provided assurance on the effectiveness of the Internal Audit service, against the PSIAS. Shropshire Fire and Rescue Service can take assurance from this report.
- 5.4 For this year only, as a result of the Coronavirus, there has been an adjustment to the timetable for draft accounts to be prepared by 31 August, instead of the 31 May. The date for final publication of the accounts and Annual Governance Statement has also been put back to 30 November in England.
- 5.5 Internal Audit operates a strategic risk-based plan. The plan is reviewed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk, this results in a comprehensive range of audits undertaken in the year, to support the overall opinion on the control environment. In addition to the planned work in 2019/20, Internal Audit completed an investigation into the misuse of a corporate credit card and web-based accounts at the authority and a follow up of the recommendations agreed for adoption by management, further improvements are to be delivered in this area to secure the governance and internal control environment in this area.

### **Annual Internal Audit Opinion from Internal Audit Work undertaken during 2019/20**

- 5.6 It is the responsibility of Shropshire and Wrekin Fire and Rescue Authority to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under the Public Sector Internal Audit Standards to deliver an annual internal audit opinion and report. The annual internal audit

opinion will conclude on the overall adequacy and effectiveness of the authority's framework of governance, risk management and internal control. This opinion plays a key part in informing the Authority's Annual Governance Statement and enabling the Standards, Audit and Performance Management Committee to deliver their annual assurance statement to the Fire and Rescue Authority (FRA).

- 5.7 The results of individual audits, when combined, form the basis for the overall opinion on the adequacy of the Authority's internal control systems. No system of internal control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that absolute assurance. The work of Internal Audit is intended only to provide reasonable assurance on controls based on the work undertaken. In assessing the level of assurance to be given, I have considered:
- No limitations were placed on the scope of the audits and the internal work during the year covered the transformation risks in respect of embedding of the new HR and finance systems. In addition, IT infrastructure changes have been necessary to support the business in this transition. These systems are in their infancy and initial reviews have highlighted some weaknesses to be addressed in both areas to provide the same level of internal assurance as previously held in these fundamental areas. This is not unexpected when introducing new systems. Whilst control improvements are required, individual controls when looked at within Finance recommendations are mainly a 'requires attention', level of risk and the findings are a matter of timing with the audit, as the system is currently still embedding. Management are monitoring the situation and are keen to see payroll and finance back to a reasonable level of assurance. Auditors have a level of confidence from the governance around projects in the management processes to identify, acknowledge and address the control environment issues as they become known.
  - From other audit work undertaken during the year, in respect of recommendations outstanding from 2018/19, the review found reasonable implementation. Eight of the 17 recommendations raised across the Authority remain unaddressed as resources were diverted to the implementation of the new systems or control initiatives were superseded.
  - Following commissioning of an investigation that reviewed concerns around personal purchases made using a credit card, a management report was provided with recommendations to improve the control environment around web based purchasing environments. Follow up of the recommendations demonstrated that out of 17, two had been implemented, nine partially and six were ongoing. Leaving the Authority at some risk in this area. Officers have committed to continue to pick this up in 2020/21 and this will be reviewed and reported upon in future.
  - No fundamental recommendations were raised during the financial year.
- 5.8 These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.
- 5.9 ***Based on the work undertaken and management responses received; I can offer reasonable assurance for the 2019/20 year that the Authority's***

**framework for governance, risk management and internal control processes is sound and working effectively.**

**Generally, risks are well managed, but some areas require the introduction of, compliance with or improvements to internal controls, to ensure the achievement of the Authority's objectives. 2019/20 has continued to see the embedding of key business system changes, delivered in the areas of financial and human resources, alongside the challenge to continue to deliver savings and increased efficiency.**

Whilst there was no reduction in planned Internal Audit work in 2019/20, as the Coronavirus situation evolves conversations with the Chief Fire Officer and Head of Finance will be ongoing and if there are any significant changes to the control environment before finalisation of the financial reporting, these will be considered and reported on.

### **Key Assurances provided during 2019/20**

5.10 Audit assurance opinions are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

<b>Good</b>	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
<b>Reasonable</b>	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
<b>Limited</b>	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key control.
<b>Unsatisfactory</b>	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Authority to high risks that should have been managed.

### **Audit assurance opinions delivered in 2019/20**

<b>Audit</b>	<b>Good</b>	<b>Reasonable</b>	<b>Limited</b>	<b>Direction of Travel</b>
Payroll System			✓	Weakened <sup>1</sup>
Financial System Review			✓	No Change <sup>2</sup>
Risk Management and Business Continuity	✓			No Change
Corporate Governance	✓			No Change
General Recommendation		✓		Improved <sup>3</sup>

<sup>1</sup> The 2018/19 payroll report provided reasonable assurance.

<sup>2</sup> The 2018/19 audit covered the implementation of the new financial management system and this is the first full audit of the new financial system and reflects the fact the system is still under development.

<sup>3</sup> The areas reviewed under the general recommendation follow up are different year on year but the rating reflects the facts that recommendations there has been a reduction in recommendations outstanding for in excess of 12 months.

Audit	Good	Reasonable	Limited	Direction of Travel
Follow up				
Contract Management Review		✓		New Area
IT Payroll Application Review			✓	New Area
IT Finance System Application Review		✓		New Area
Investigation Follow Up			✓	New Area
<b>Total for year</b>				
➤ <b>numbers</b>	<b>2</b>	<b>3</b>	<b>4</b>	
➤ <b>percentage</b>	<b>22%</b>	<b>33%</b>	<b>45%</b>	

- 5.11 Two good, three reasonable and four limited assurances were issued during the financial year. There have been no unsatisfactory assurances issued in the financial year. A summary of these reports is included in **Appendix A**. In each case positive responses have been received by management and will be followed up next year to determine whether satisfactory improvements have been made.
- 5.12 The Payroll System review raised significant concerns in the areas of verification and reconciliation, pensions for new starters, Fire Service Rota and the content of files in respect of secondments. The Financial System Review audit raised significant concerns in the areas of budget monitoring; procedures in respect of the new creditors system; timeliness of invoicing and imprest accounts. The IT payroll application review raised significant concerns in the areas of Administrator and user Accounts; password controls; recovery testing; reporting re expenses and interfaces with fire service rota. Positive action plans have been received from managers for all reviews, confirming that the issues will be addressed.
- 5.13 The Investigation Recommendation Follow up Audit tracked the 17 recommendations raised with management across several areas, including the use of corporate credit cards and web-based accounts. The audit concluded that nine recommendations had been partially implemented and six remained outstanding of which all were considered significant. In addition, as a result of the detailed examination of process a further three significant new recommendations were added to the report.
- 5.14 The Internal Audit team has achieved 100% delivery of the revised plan.
- 5.15 Audit recommendations are also an indicator of the effectiveness of the Authority's internal control environment and are rated according to their priority:

<b>Best Practice (BP)</b>	Proposed improvement, rather than addressing a risk.
<b>Requires Attention (RA)</b>	Addressing a minor control weakness or housekeeping issue.
<b>Significant (S)</b>	Addressing a significant control weakness where the system may be working but errors may go undetected.
<b>Fundamental (F)</b>	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

- 5.16 Recommendations are rated in relation to the audit area rather than the Authority's control environment, for example, a control weakness deemed serious in one area which results in a significant or fundamental recommendation may not affect the Authority's overall control environment. Similarly, several significant recommendations in a small number of areas would not result in a limited opinion if most of areas examined were sound, consequently, the number of significant recommendations in the table below will not necessarily correlate directly with the number of limited assurance opinions issued. Any fundamental recommendations resulting from a control weakness in the Authority's control environment would be reported in detail to the Standards, Audit and Performance Management Committee.
- 5.17 A total of 75 recommendations have been made in the eight audit reports issued in the year; with an additional 18 recommendations being raised in respect of the additional work carried out as a result of the investigation into credit card misuse these are broken down by audit area in the table below.

### **Audit opinion and recommendations made on 2019/20 audits**

System	Level of Assurance Given	Number of Recommendations made				
		BP	RA	S	F	Total
Payroll System	Limited	0	9	7	0	16
Financial System Review	Limited	0	19	6	0	25
Risk Management & Business Continuity	Good	0	0	0	0	0
Corporate Governance	Good	0	4	0	0	4
General Recommendation Follow up	Limited	0	3	2	0	5
Contract Management	Reasonable	0	2	4	0	6
IT Payroll Application Review	Limited	0	3	6	0	9
IT Finance Application Review	Reasonable	0	6	4	0	10
Investigation Follow Up	Limited	0	0	18	0	18
<b>Totals</b>		<b>0</b>	<b>46</b>	<b>47</b>	<b>0</b>	<b>93</b>
<b>Percentage</b>		<b>0%</b>	<b>49%</b>	<b>51%</b>	<b>0%</b>	<b>100%</b>

- 5.18 It is management's responsibility to ensure that accepted audit recommendations are implemented within an agreed timescale. Except for annual audits where recommendations are revisited as a matter of course; remaining recommendations are followed up annually by obtaining an update from management on progress made and performing sample testing.
- 5.19 No recommendations have been rejected by management during 2019/20.

### **Audit Performance**

- 5.20 Audit Performance is demonstrated by measuring achievement against the plan, ensuring compliance against the Public Sector Internal Audit Standards (PSIAS), and evaluating improvements made over the last twelve months. A public report of

effectiveness against the PSIAS is made annually to the Shropshire Council, June Audit Committee. Shropshire Council Audit Service are also externally reviewed every five years for compliance with the PSIAS and passed the review undertaken by CIPFA in November 2016. The effectiveness of Internal Audit is further reviewed through the Finance Audit and Risk Committee's delivery of its responsibilities and direct from customers as they provided responses to surveys sent out after each audit.

## Reporting

- 5.21 All Internal Audit work is reviewed by a senior auditor to ensure it complies with Internal Audit's standards and that the recommendations made are supported by the work undertaken before any audit reports are issued. This is a fundamental part of ensuring audit quality and that clients receive reports which are both informative, useful and add value to their work processes and procedures.
- 5.22 All audit assignments are subject to formal feedback to management. Draft reports are issued to the managers responsible for the area under review for agreement to the factual accuracy of findings and recommendations. After agreement, a formal implementation plan containing management's agreed actions and comments is issued to relevant officers. Follow up reviews capture evidence of implementation of recommendations.

## Quality Assurance/Customer Feedback Survey

- 5.23 A customer feedback survey form is sent out with the all audits completed. These provide key feedback on the quality of audit service in relation to several areas, including:
- Pre-auditing arrangements;
  - Post audit briefing;
  - Audit coverage/scope of the audit;
  - Timeliness of production of the report;
  - Accuracy and clarity of report;
  - Practicality of recommendations;
  - Professionalism of approach;
  - Communication skills and
  - Timeliness of report to your business.
- 5.24 The surveys are a key part of ensuring the work meets our client expectations and that the quality of audit work is maintained. The results have been analysed over the last year and the percentage of responses are identified in the table below:

### **Customer Feedback Survey Forms - percentage of excellent and good responses**

Item Being Scored	2019/20
Pre-audit arrangements	100%
Post-audit briefing	100%
Audit coverage/scope of the audit	100%
Timeliness of production of report	80%
Accuracy and clarity of report	100%

<b>Item Being Scored</b>	<b>2019/20</b>
Practicality of recommendations	80%
Professionalism of approach	100%
Communication skills	100%
Timeliness of report to your business	80%
Number of forms returned	5

5.25 Overall the results are pleasing, showing services delivered at a high level. The only audit not to receive 100% excellent and good responses was the Financial System Review as the service felt that the level of detailed testing was too high for its present position and therefore did not reflect the efforts of the staff in implementing the new system. The position has been discussed directly with the Head of Finance in respect of this audit. There continues to be open communication between officers of the Fire Service and Internal Audit to ensure that both the audit plan and delivery remain up to date and valid to the service. Therefore, based on the level of open communication we are satisfied that there is opportunity for any concerns regarding the service to be raised as appropriate. The information from the surveys is used both to improve techniques overall within the team and at annual performance appraisals to identify future development focus relating to individual skills or competences.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

- Proposed 2019/20 Internal Audit Programme - Audit and Performance Management Committee on 6 December 18
- Public Sector Internal Audit Standards
- Accounts and Audit Regulations 2015, 2018 and Accounts and Audit (Coronavirus) (Amendment) Regulations 2020

**Appendices**

Appendix A - Summary of Findings from Fire Authority Audit Reports 2019/20

## APPENDIX A

## Summary of Findings from Fire Authority Audit Reports 2019/20

- 1 Payroll System** - This area is reviewed on an annual basis. The audit concentrated on key controls<sup>4</sup> in the following areas:

There are procedures and policies available to relevant officers which comply with Brigade Orders and National Joint Council guidance.

- ✓ The Officers who receive payroll payments exist and are employed by the Service.  
Starters and leavers are actioned accurately and in a timely manner.  
Payment claims submitted by Officers are checked, authorised and are accurately processed.
- ✓ Permanent and temporary variations to Officer's contracts are valid, authorised, and processed accurately.
- ✓ The payroll payments made to Officers are correct, processed accurately and made on a timely basis.
- ✓ Management Information is produced in an accurate and timely manner and is subject to review.

### ***Assurance Level: Limited***

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

Objectives indicated with a ✓ demonstrate a level of internal control. Seven significant recommendations were raised to improve internal controls.

- 2 Financial System Review** – Elements of the finance system are reviewed on an annual basis. The 2019/20 audit concentrated on key controls in the following areas:

There is effective revenue and capital budget setting, preparation and monitoring.

The correct creditors are paid the correct amounts at the correct time.

Income is complete and is collected on a timely basis as expected.

There are appropriate banking reconciliations and arrangements.

- ✓ There are appropriate general ledger reconciliations and controls.

### ***Assurance Level: Limited***

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

Objectives indicated with a ✓ demonstrate a level of internal control. Six significant recommendations were raised to improve internal controls.

<sup>4</sup> Key controls annotated with a tick were found to be in place, those without do not have a tick, ✓. Further details are available on request but may be subject to confidentiality clauses.

- 3 Risk Management and Business Continuity** - This area is reviewed on an annual basis. The audit concentrated on key controls in the following areas:
- ✓ Statements of Assurance are prepared and signed on an annual basis.
  - ✓ Corporate risks are recorded in a suitable format in the Risk Register.
  - ✓ Departmental Risks are recorded in a suitable format in the Risk Register.
  - ✓ Risks are regularly reviewed and the Risk Register is updated as appropriate.
  - ✓ Management and members are kept informed of the processes in place for the management of risk.
  - ✓ There is a process to identify the critical service areas which if not delivered would cause disruption to operations.

***Assurance Level: Good***

There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

No significant recommendations were raised.

- 4 Corporate Governance** - This area is reviewed on an annual basis. The audit concentrated on key controls to review the evidence of compliance against the seven principles set out in the code.
- ✓ Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
  - ✓ Principle B Ensuring openness and comprehensive stakeholder engagement.
  - ✓ Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - ✓ Principle D Determining the interventions necessary to optimise the achievement of intended outcomes.
  - ✓ Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it.
  - ✓ Principle F Managing risks and performance through robust internal control and strong public financial management.
  - ✓ Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability.

***Assurance Level: Good*** There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.

No significant recommendations were raised.

- 5 General Recommendation Follow Up** - This area is reviewed on an annual basis and picks up outstanding recommendations not covered in the current years plan. The audit concentrated on key controls in the following areas:
- ✓ Technical Services Assets 2018/19.  
Recommendation Follow Up 2018/19.

***Assurance Level: Reasonable***

There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls.

Four of the 17 recommendations raised in 2018/19 and not picked up in other work remained outstanding, two of which were considered significant and repeated to improve internal controls.

**6 Contract Management** - This audit undertaken at the request of management as part of the 2019/20 plan. The audit concentrated on key controls in the following areas:

- There are procedures in place to govern the management of contracts.
- There are signed and up to date contracts in place.
- ✓ The contracts include key performance indicators which are monitored in accordance with the contract.
- ✓ There are clear processes, outlined in the contract, for raising and resolving disputes.
- ✓ There are arrangements in place to ensure that payments to suppliers are valid and accurate.

***Assurance Level: Reasonable***

There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls.

Objectives indicated with a ✓ demonstrate a level of internal control. Four significant recommendations were raised to improve internal controls.

**7 IT Payroll Application Review** - This area was added into the plan for 2019/20 to review the new payroll system.

- The System complies with all external legislation and policies.
- The application is secure.
- ✓ Users have received the correct training.
- ✓ Parameter data is correct, updated in a timely manner and access is restricted.
- Data is accurately input and authenticity of data is verified.
- ✓ Data is processed in a timely manner and validated.
- ✓ Output is secure, accurate and reaches the intended recipient in a timely manner.
- There are continuity processes in place to ensure system availability.
- ✓ Management/Audit trails are in place.
- ✓ Clear procedures are in place for the authorisation of changes and system changes are applied by appropriately qualified staff.
- Interfaces with the system are secure efficient and effective.

***Assurance Level: Limited***

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

Objectives indicated with a ✓ demonstrate a level of internal control. Six significant recommendations were raised to improve internal controls.

**8 IT Finance Application Review** - This area was added into the plan for 2019/20 to review the new finance system.

- ✓ The System complies with all external legislation and policies.
- ✓ The application is secure.
- ✓ Users have received the correct training.
- ✓ Parameter data is correct, updated in a timely manner and access is restricted.  
Data is accurately input and authenticity of data is verified.
- ✓ Data is processed in a timely manner and validated.
- ✓ Output is secure, accurate and reaches the intended recipient in a timely manner.  
There are continuity processes in place to ensure system availability.  
Management/Audit trails are in place.
- ✓ Clear procedures are in place for the authorisation of changes and system changes are applied by appropriately qualified staff.  
Interfaces with the system are secure efficient and effective.

***Assurance Level: Reasonable***

There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls.

Objectives indicated with a ✓ demonstrate a level of internal control. Four significant recommendations were raised to improve internal controls.

- 9 **Investigation Recommendation Follow up** – Following an investigation into credit card purchases and resulting review of the internal control environment, a review was undertaken to establish implementation of key controls to prevent a reoccurrence of the activity. The audit concentrated on evaluating that:
- Recommendations made in the 2018/19 Management Investigation report (issued in 2019/20) have been implemented.
  - Recommendations made in the 2018/19 IT Investigation report (issued in 2019/20) have been implemented.

***Assurance Level: Limited***

Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

Out of the seventeen recommendations made, two had been implemented within the agreed timeframes, nine partially implemented and six were outstanding.