

Head of Internal Audit's Annual Report and Presentation of **Audit Opinion 2023/24**

Introduction

This report is produced to satisfy the Public Sector Internal Audit Standards which requires that:

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- *the opinion;*
- *a summary of the work that supports the opinion; and*
- *a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.*

It should be noted that the Audit and Risk Manager (fulfilling the role of Chief Audit Executive) in post for 2023/24 left the Council shortly after the end of the year, so this report has been drawn up by his replacement who had been in post as Principal Internal Auditor during 2023/24.

Opinion on the overall adequacy and effectiveness of the Council's control environment

The Public Sector Internal Audit Standards state that "*The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. Consulting services are advisory.*"

Based on internal audit assignments undertaken as part of the Audit Plan, together with the general views of the Internal Audit team gained from ancillary exposure to the Council's operations, it must be concluded that the Council has an adequate and effective governance, risk management and control framework to address relevant risks with controls being applied consistently.

This, however, must be qualified by the non-completion of one of IT audits that had been carried forward from the 2022/23 plan. This further delay was primarily caused by the ICT Audit contractor prioritising the 2023/24 work for other clients over this piece of work as their contract had effectively finished at the end of 2022/23.

A member of the Internal Audit team also left during the year and their replacement was not able to start immediately and needed training once they were in post. This resulted in a shortfall of three audits compared to the original plan.

Inevitably, there were some instances of non-compliance that were identified by Internal Audit, as detailed in reports that were issued during the year. These were reported to Audit and Standards Committee each quarter. Action to address these issues has been confirmed by management in all cases, with urgent action being taken where those issues were regarded as major.

Although not expressed as a further qualification, it must be confirmed that the internal audit opinion can only be based on the audits undertaken during that year and on information garnered more informally by the Internal Audit team; thus it has to be acknowledged that not everything is subject to an audit within a 12-month time frame. The Council's external auditors form their own opinion based on their own work and the Annual Governance Statement provides an overall judgement on the control environment, derived from many sources, one of which is this Internal Audit Annual Report.

The Public Sector Internal Audit Standards states that "*Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.*"

Despite the staffing change (highlighted above) that led to a shortfall of three audits compared to the original plan, the Audit and Risk Manager can confirm that the level of agreed resources has not impacted adversely on the provision of the annual internal audit opinion.

Summary of the internal work undertaken during 2023/24 from which the opinion on the internal control environment is derived

The audits which form the basis of the opinion are listed in Appendix 1A. The results of these audits have been communicated to the Audit and Standards Committee in quarterly reports and are therefore not reproduced here. Each audit report, however, gives an overall opinion on the level of assurance provided by the controls within the area audited and this is set out in the table. The bands of assurance are set out at the bottom of Appendix 1A.

Appendix 1A indicates that internal controls were in the main found to be operating satisfactorily, giving an overall confidence in the internal control system operating in relation to these systems. Although most reports that were issued during the year contained recommendations to rectify control deficiencies it is important to stress that the issues raised in respect of these audits have since been addressed or, in the case of more recent audits, are in the process of being addressed. As part of Internal Audit's quarterly reporting, Members receive scheduled updates on the state of implementation of recommendations in order to obtain assurance that recommendations are actioned.

Roughly one third of the audits completed during the year (including the two ICT audits from the 2022/23 plan that were completed in 2023/24) were awarded a less than substantial level of assurance – all receiving a moderate level of assurance, the middle ranking assurance opinion.

Issues particularly relevant to the Annual Governance Statement

Issues particularly relevant to the Annual Governance Statement (AGS) have been identified from the process involved in its production. Some of these issues had been highlighted by Internal Audit during the year.

Comparison of the work undertaken with the work that was planned and summary of the performance of the internal audit function against its performance measures and targets

This is set out as Appendix 1B.

Compliance with the Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards state that:

"Chief audit executives are expected to report conformance on the Public Sector Internal Audit Standards in their annual report."

"To demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance."

A review by an external consultant, undertaken towards the end of the 2020/21, highlighted non-compliance with some elements of the Public Sector Internal Audit Standards. The Public Sector Internal Audit Standards require such external reviews to be undertaken at least once in a five-year period. (The previous review was completed in 2016.) An action plan was produced to address those areas of non-compliance and this was reported to Finance and Audit Scrutiny Committee, as was, in March 2021, together with the full results of the review. An update in addressing the areas of non-compliance was reported to Finance and Audit Scrutiny Committee in December 2021. This reported that all areas of non-compliance had been addressed.

Periodic internal assessments form part of the Quality Assurance and Improvement Programme, as described below. The results of internal assessments undertaken during 2023/24 are set out as Appendix 1C to this Annual Report.

Separately, the Public Sector Internal Audit Standards requires that *"The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity."*

The Audit and Risk Manager can confirm that Internal Audit is organisationally independent.

Communication of the results of the internal audit quality assurance & improvement programme

The Public Sector Internal Audit Standards states that *"The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report."*

The Quality Assurance and Improvement Programme comprises cyclical self-reviews against all element of the Public Sector Internal Audit Standards such that, over a 5-year period (i.e. up to when the next external review is due), all elements of the Standards have been assessed.

The results of the self-review in respect of 2023-24 (Year Three) of the current Quality and Assurance Programme are set out in Appendix 1C to this Annual Report.

The Internal Audit Quality Assurance and Improvement Programme also includes ongoing reviews of audit files by the Audit and Risk Manager before issue of final

reports, plus external audit reviews of Internal Audit's work, as well as scrutiny by Audit and Standards Committee. It also comprises completion by auditees, post audit, of questionnaires for audits.

In terms of the post audit questionnaires that had been returned, only one auditee awarded a "score" of less than four "marks" out of five in their assessment of the audit that they had received. Clearly this indicates very broad satisfaction with the audits undertaken although it should be noted that the number of completed questionnaires is low.

The score of three was in relation to one of the delayed 2022/23 ICT audits and the score was based on the first member of contracted staff that had been working on the audit.

Appendix 1D sets out the questionnaire that is used (albeit this is now completed as an online form).

The results of the Internal Audit Quality Assurance Programme, in whatever form, are used to improve the service provided by Internal Audit.

Summary of Audits Undertaken 2023/24

Assignment	Client Service Area	Level of Assurance	No. of Recs.
<i>Quarter 1</i>			
Sports Development	Safer Communities, Leisure and Environment	Substantial	2
Catering Concessions	Place, Arts and Economy	Substantial	0
Staff Health and Wellbeing	People and Communications	Substantial	1 + 3 advisories
Grant Applications	Finance	Substantial	1
Tenancy Management	Housing	Substantial	7 + 8 advisories
<i>Quarter 2</i>			
Shared Legal Services	Governance	Substantial	1 + 3 advisories
Employee Attendance Management	People and Communications	Substantial	2 + 2 advisories
Change Management (22/23 Audit)	Customer and Digital Services	Moderate	7
Purchasing Cards	Finance	Substantial	0
Refuse Collection and Recycling	Neighbourhood and Assets	Substantial	5 + 6 advisories
Banking Arrangements	Finance	Substantial	3
CIVICA APP Application (22/23 Audit)	Safer Communities, Leisure and Environment	Substantial	5
VAT Accounting	Finance	Substantial	3
<i>Quarter 3</i>			
Grounds Maintenance	Neighbourhood and Assets	Substantial	5 + 10 advisories
GIS and NLPG	Customer and Digital Services	Substantial	3 + 2 advisories
Economic Development	Place, Arts and Economy	Substantial	0
Cloud Applications and Hosting Contracts	Customer and Digital Services	Moderate	4
Local Elections	Governance	Substantial	1
Management of Contracts	Finance	Substantial	2
Void Management	Housing / Neighbourhood and Assets	Moderate	10 + 12 advisories

Assignment	Client Service Area	Level of Assurance	No. of Recs.
Human Resources Management	People and Communications	Substantial	1 + 1 advisory
Conservation and Design	Place, Arts and Economy	Substantial	1 + 2 advisories
Council Tax	Finance	Substantial	0
<i>Quarter 4</i>			
Aids and Adaptations	Housing / Neighbourhood and Assets	Moderate	4 + 2 advisories
Community Infrastructure Levy and Section 106 Agreements	Place, Arts and Economy	Substantial	2 + 4 advisories
Corporate Governance (Staff Working Groups)	Governance / People and Communications	Moderate	9
Events Management	Place, Arts and Economy	Moderate	12 + 21 advisories
Fire Safety and Prevention Contracts	Housing / Neighbourhood and Assets	Moderate	9
Houses in Multiple Occupation	Housing	Substantial	1 advisory
Housing Benefit and Council Tax Reductions	Customer and Digital Services	Moderate	10 + 6 advisories
Housing Rent Collection	Housing	Moderate	6 + 12 advisories
ICT Strategies and Policies	Customer and Digital Services	Moderate	3 + 1 advisory
Information Governance	Governance	Moderate	15 + 10 advisories
Leisure and Recreation Facilities	Safer Communities, Leisure and Environment	Substantial	9 + 10 advisories
Loans to External Organisations	Finance	Moderate	5 + 2 advisories
National Non-Domestic Rates	Finance	Substantial	2 + 1 advisory
System Ownership and Management	Customer and Digital Services	Moderate	4
Tech One - Finance Application	Finance	Moderate	9
Website Management	People and Communications	Substantial	7 + 5 advisories

Key to Level of Assurance:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

Summary of Internal Audit Performance 2023/24

Performance Indicator	In-house Team	External Contractors	Overall for Service
Number of planned audits assigned	37	3	40
Number of planned audits completed	34	3*	37*
% assigned audits completed	91.9%	100%	92.5%
Number of audits completed within time allocation	14	N/A	N/A
% audits completed within time allocation	41.2%	N/A	N/A
Number of audit days – planned	340.0	N/A	N/A
Number of audit days – actual	313.5	N/A	N/A
Productive time as % of available time – target	73.3%	N/A	N/A
Productive time as % of available time – actual	67.4%	N/A	N/A
Number of audit recommendations issued	141	29	170
Number of audit recommendations agreed	141	29	170
% audit recommendations agreed	100%	100%	100%
Number of High Priority audit recommendations issued	8	0	8
Number of High Priority audit recommendations implemented	1**	0	1**
% High Priority audit recommendations implemented	12.5%	N/A	12.5%

* these figures do not include the two ICT reports from the 2022/23 plan that were completed in 2023/24.

** the other recommendations have target dates in the latter part of 2024/25, so have not yet been chased to ascertain whether the agreed actions have been implemented.

Results of Internal Assessments

Checklist for Assessing Conformance with the PSIAS and the Local Government

Application Note: Proficiency & Due Professional Care - 1200 to 1230

Introduction

This checklist has been developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.

For each check performed the relevant box should be ticked in accordance with the following levels of conformance:

GC – General Conformance

PC – Partial Conformance

DNC – Does Not Conform

Evidence for each response must be provided and reasons for any partial or full nonconformance should be given, together with any compensating measures in place or actions in progress to address this.

Programme/Checklist

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	1200 Proficiency and Due Professional Care				
1	1210 Proficiency				
1.1	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	<input checked="" type="checkbox"/>			Member of Chartered Institute of Public Finance & Accountancy, MSc in Internal Audit Management and Consultancy
1.2	Is the CAE suitably experienced?	<input checked="" type="checkbox"/>			41½ years. Head of internal audit for 30 years (nearly 26 at WDC).
1.3	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	<input checked="" type="checkbox"/>			Yes, recruitment completed within the last 4 years has been carried out by the CAE.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
1.4	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	<input checked="" type="checkbox"/>			The job description and personal specification for the Internal Auditor role was last updated in November 2021. The JD and PS for the Principal Auditor role were last updated in August 2019. These documents define the skills, competencies and experience required for the roles.
1.5	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?			<input checked="" type="checkbox"/>	There has not been an assessment of the skills, knowledge and competency of the team completed. Recommendation Consideration should be given to performing a formal assessment of the skills and experience of the audit staff, and the competencies needed to fulfil the internal audit plan.
1.5	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	<input checked="" type="checkbox"/>			ICT audits are contracted out
1.6	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?			<input checked="" type="checkbox"/>	No formal assessment has been completed to assess the knowledge of the team.
1.7	Do internal auditors have sufficient knowledge of key information technology risks and controls?			<input checked="" type="checkbox"/>	No formal assessment has been completed to assess the knowledge of the team.
1.8	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?			<input checked="" type="checkbox"/>	No formal assessment has been completed to assess the knowledge of the team.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
2	1220 Due Professional Care				
	<p>Do internal auditors exercise due professional care by considering the:</p> <p>a) Extent of work needed to achieve the engagement's objectives?</p> <p>b) Relative complexity, materiality or significance of matters to which assurance procedures are applied?</p> <p>c) Adequacy and effectiveness of governance, risk management and control processes?</p> <p>d) Probability of significant errors, fraud, or non-compliance?</p> <p>e) Cost of assurance in relation to potential benefits?</p>	<input checked="" type="checkbox"/>			<p>a) Time allowance per audit is predetermined using a risk assessment completed at the last audit. Audits use this as a guide to plan the work and audit coverage.</p> <p>b) Audits are risk based so more significant risks would be identified.</p> <p>c) The controls are assessed as part of the audit and recommendations applied where there are deficiencies.</p> <p>d) These are all considered as part of the brief.</p> <p>e) Although VFM is considered on the brief this has no bearing on the actual audit and is not considered in the final report</p>
	<p>Do internal auditors exercise due professional care during a consulting engagement by considering the:</p> <p>a) Needs and expectations of clients, including the nature, timing and communication of engagement results?</p> <p>b) Relative complexity and extent of work needed to achieve the engagement's objectives?</p> <p>c) Cost of the consulting engagement in relation to potential benefits?</p>	<input checked="" type="checkbox"/>			<p>a) These are discussed in the opening meeting when creating the brief.</p> <p>b) Auditors produce their own programmes (which are checked and signed off by the CAE) this ensures that the complexity of the engagement has been considered.</p> <p>c) As above at e) VFM is considered on the brief only.</p>
3	1230 Continuing Professional Development				
	Has the CAE defined the skills and competencies for each level of auditor?	<input checked="" type="checkbox"/>			This has been set out in terms of the posts through the personal specifications.
	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?			<input checked="" type="checkbox"/>	This is not done as an assessment has not been completed.

	Do internal auditors undertake a programme of continuing professional development?	<input checked="" type="checkbox"/>			The audit team regularly attend training events. Some do this to maintain CPD others because they are training so attend Uni and additional courses of use.
	Do internal auditors maintain a record of their professional development and training activities?	<input checked="" type="checkbox"/>			For Uni off the job hours need to be maintained as part of the apprenticeship terms. For other members CPD is maintained and reported to the chartered body to remain a member.
	Conclusion - 1200 Proficiency and Due Professional Care	10		5	There are a number of areas of non-conformance due to there being no formal assessment completed of the skills needed to complete the audit plan and those of the auditors. The audit activity conforms with all other areas of the standards included under "Proficiency and Due Professional Care".

NB – where references are made to the CAE, these refer to the person who held the post in 2023/24. All responses reflect the position at the time of the assessment.

Checklist for Assessing Conformance with the PSIAS and the Local Government

Application Note: Quality Assurance and Improvement Programme - 1300 to 1322

Introduction

This checklist has been developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.

For each check performed the relevant box should be ticked in accordance with the following levels of conformance:

- GC – General Conformance
- PC – Partial Conformance
- DNC – Does Not Conform

Evidence for each response must be provided and reasons for any partial or full nonconformance should be given, together with any compensating measures in place or actions in progress to address this.

Programme/Checklist

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
1	1300 Quality Assurance and Improvement Programme				
1.1	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?		<input checked="" type="checkbox"/>		<p>There is a 5-year plan detailing which principles will be covered.</p> <p>A QAIP overview document is in place but needs updating with the relevant dates and information such as correct committee names. (Written in 2020).</p> <p>Recommendation The QA&IP document should be updated with the relevant dates and information such as the correct committee names.</p> <p>A recommendation for this was given in the external review completed by Tilia in January 2021. <i>Develop a robust programme of QAIP activities that cover all the Standards on a rolling basis</i></p>

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
					<p><i>and involve all members of the audit team in this work.</i></p> <p>The 5-year plan includes the core principles to be covered, team members have not been assigned the tasks on the plan. The programme does not detail the testing to be completed.</p> <p>A full programme for evaluation of the core principles is not in place. This is developed as and when they are being assessed using guidance from CIPFA.</p>
1.2	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?		☑		<p>The programmes are developed using CIPFA guidance to ensure that they assess the efficiency and effectiveness of the IAA.</p> <p>Ongoing monitoring is completed through day-to-day supervision.</p> <p>Recommendation Assignment review schedules (which form part of the continual assessments process) should be completed to allow identification of opportunities for improvement and training requirements.</p>
	Does the CAE maintain the QAIP?	☑			The CAE reviews the day-to-day monitoring and reports the outcomes of QAIP activities to committee on a regular basis.
	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?				N/A

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
2	1310 Requirements of the Quality Assurance and Improvement Programme				
	Does the QAIP include both internal and external assessments?	<input checked="" type="checkbox"/>			Ongoing assessments, annual internal reviews on a selection of the core principles and 5-yearly external assessments.
3	1311 Internal Assessments				
	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	<input checked="" type="checkbox"/>			The CAE approves the allocation of audit work. The audit team has balanced skillsets and does not consist of specialists (other than for NFI work). The audit work is planned to prevent repetition of audit work and using the resource available.
	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	<input checked="" type="checkbox"/>			a) Routine assessments are completed through various methods detailed in the overview document. They include supervision and review of work. b) Periodic assessments are completed and reported to the Audit & Standards committee on an annual basis (last reported on 14 June 2022).
	Does ongoing performance monitoring include comprehensive performance targets?	<input checked="" type="checkbox"/>			The performance targets are based on progress against the audit plan. This is reported quarterly at SLT and at Audit and Standards Committee.
	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	<input checked="" type="checkbox"/>			Reports detail the performance against progress. If SLT or Councillors have asked for additional information or data this will be provided if collected.
	Does the CAE measure, monitor and report on progress against these targets?	<input checked="" type="checkbox"/>			As above, reported quarterly at SLT and A&S.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Does ongoing performance monitoring include obtaining stakeholder feedback?	<input checked="" type="checkbox"/>			Feedback forms are issued as part of the final communication for every audit. This feedback is collated and shared when received.
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? (Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.)	<input checked="" type="checkbox"/>			Periodic self-assessments are completed by internal audit staff members. The outcomes are reported to A&S on an annual basis as part of the IA report. Sufficient knowledge is held by the staff who have completed the self-assessments so far. Guidance is available from CIPFA which incorporates the LGAN.
	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	<input checked="" type="checkbox"/>			Performance against the audit plan is reviewed and reported to both SLT and A&S on a quarterly basis.
4	1312 External Assessments				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	<input checked="" type="checkbox"/>			An external review was completed in April 2016 and again in January 2021. The next external review is due (and planned) to be completed in 2026.
	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	<input checked="" type="checkbox"/>			Yes. The CAE wanted as full and as objective an assessment as possible for maximum benefit so opted for a "full" external assessment. This was supported by the Council's "audit committee" (Finance and Audit Scrutiny Committee at the time).

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	<input checked="" type="checkbox"/>			The proposed form of the external assessment was discussed with the "audit committee" orally but not in written form. It was also discussed fully with the Chair of the Finance and Audit Scrutiny (Cllr Jonathan Nicholls at the time) and with the Head of Finance (Mike Snow at the time).
	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?	<input checked="" type="checkbox"/>			It was discussed with the Chair of the Finance and Audit Scrutiny in the monthly meetings that used to take place.
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	<input checked="" type="checkbox"/>			This was covered in the quote
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. (Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.)	<input checked="" type="checkbox"/>			The independent assessor's qualifications include: CIRM (Certificate of International Risk Management), MBA, CPFA and BA .

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	<input checked="" type="checkbox"/>			The external assessor works for CIPFA so one has to assume that in such circumstances the individual has the required level of competence. In addition, she is well known in internal audit circles and enjoys an excellent reputation for competence, objectivity and thoroughness. A quick google also confirms that the assessor holds a CIRM, MBA, CPFA and a BA.
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	<input checked="" type="checkbox"/>			No, the assessor is completely independent.
5	1320 Reporting on the Quality Assurance and Improvement Programme				
	Has the CAE reported the results of the QAIP to senior management and the board? Note that: a) the results of both external and periodic internal assessment must be communicated upon completion b) the results of ongoing monitoring must be communicated at least annually c) the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS.	<input checked="" type="checkbox"/>			a) Reported as part of the IA annual report. b) As above. c) Report includes a copy of the programme / working papers and action plan.
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	<input checked="" type="checkbox"/>			Yes – as above

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
6	1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	<input checked="" type="checkbox"/>			This is stated on page 7, along with confirming that all areas of non-compliance had been addressed.
7	1322 Disclosure of Non-conformance				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	<input checked="" type="checkbox"/>			Yeas this was reported with the results of the external review
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?				N/A
8	Conclusion - 1300 Quality Assurance and Improvement Programme	22	2		The Internal Audit Activity mostly complies with the 1300 core principles with only two areas of partial compliance. There are two recommendations to action regarding the updating of the QA&IP and completion of ongoing review documents These have been added to the Improvement Plan.

NB – where references are made to the CAE, these refer to the person who held the post in 2023/24. All responses reflect the position at the time of the assessment.

Checklist for Assessing Conformance with the PSIAS and the Local Government

Application Note: Managing the Internal Audit Activity - 2000 to 2070

Introduction

This checklist has been developed to satisfy the requirements set out in PSIAS 1311 and 1312 for periodic self-assessments and externally validated self-assessments as part of the Quality Assurance and Improvement Programme. It incorporates the requirements of the PSIAS as well as the Application Note in order to give comprehensive coverage of both documents.

For each check performed the relevant box should be ticked in accordance with the following levels of conformance:

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PC – Partial Conformance

DNC – Does Not Conform

Evidence for each response must be provided and reasons for any partial or full nonconformance should be given, together with any compensating measures in place or actions in progress to address this.

Programme/Checklist

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
1	2000 Managing the Internal Audit Activity				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	<input checked="" type="checkbox"/>			Final reports work with the aims set out in the charter, detailing risks and findings which support the organisations objectives. This in turn also supports the aims set out in the charter.
	Does the internal audit activity conform with the definition of Internal Auditing and the Standards	<input checked="" type="checkbox"/>			Conformance is referred to in the charter – included in the annual report to the board - and supported by the results of the QAIP.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the Code of Ethics and the Standards?	<input checked="" type="checkbox"/>			The core principles are detailed in the charter and include examples of how the auditors apply them. The code of ethics are agreed with for the professional body where membership is held.

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	<input checked="" type="checkbox"/>			a) Annual declarations b) QAIP completed annually, team work on the overall plan and identifying additional risks, as a team discuss control processes to find improvements or ensure they are still valid
2	2010 Planning				
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	<input checked="" type="checkbox"/>			The Principal Auditor produces a risk-based plan aligned with the service area plans and risk registers. This is then reviewed by the CAE.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?		<input checked="" type="checkbox"/>		The plan doesn't take this in to account. The plan details the audits and work to be completed by the auditors and does not include the work plan for the CAE. Partial conformance has been given as although this has not been considered in the plan the annual internal audit opinion is completed by the CAE therefore it could be argued that it is not needed in an audit plan detailing the work of auditors.
	Does the risk-based plan take into account the organisation's assurance framework?		<input checked="" type="checkbox"/>		The risk-based plan confirms the previous level of assurance and links to risk registers but the assurance framework is not included. The CAE's annual Audit Opinion report refers to the "framework of governance, risk management and Control" but there is no further information of what framework is used and followed when assessing it's adequacy and effectiveness. Partial conformance has been given as it could be assumed that the risk registers used when

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					producing the plan form part of the framework. There are a number of these which are out of date and therefore the risks identified cannot be relied upon.
	Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	<input checked="" type="checkbox"/>			a) There is a time breakdown showing days to be spent on various tasks which deliver the internal audit service. b) The charter provides detail regarding the development of the plan. c) The plan links to the service area risk registers which highlight areas of concern which could prevent the organisation from achieving its objectives.
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	<input checked="" type="checkbox"/>			N/A as a local Council I feel this is not applicable as all issues that could impact the objectives of the Council are considered. These should be identified on the risk registers and could include local and national issues.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	<input checked="" type="checkbox"/>			The risk-based audit plan is developed by the Principal Auditor, the risk registers from across the organisation are used when developing the plan.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	<input checked="" type="checkbox"/>			The Principal Auditor uses the risk registers when preparing the risk-based plan.
	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	<input checked="" type="checkbox"/>			The risk-based plan sets out a) An overview of the audit objective b) Links to the risk registers to highlight priorities c) Gives an estimated time allowance for the audit

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	Does the risk-based plan differentiate between audit and other types of work?	<input checked="" type="checkbox"/>			The plan has an allowance for other types of work, for example training, reading, and team meetings
	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	<input checked="" type="checkbox"/>			There is some contingency time built into the plan
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	<input checked="" type="checkbox"/>			The plan is reviewed by the CAE when it has been created. Updates of progress against the plan are produced on a quarterly basis. The most recent major change to the plan was in 2020 when it had to be adjusted due to COVID-19
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	<input checked="" type="checkbox"/>			the audit risk assessments are documented with details copied to a database. The risk assessments help to allocate resource to the audits based on the level of risk.
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	<input checked="" type="checkbox"/>			There is a three year plan, on an annual basis the risk assessments are used to allocate resource and highlight any concerns.
	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, e.g. IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	<input checked="" type="checkbox"/>			a) Declarations of interest are declared when discussing the plan in a team before sharing out the audit work. b) IT audits are usually contracted out as there aren't the specialist skills held within the team. c) Contingency time is included in the plan. d) Audit planning time is allocated on the plan

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	Is the input of senior management and the board considered in the risk assessment process?	<input checked="" type="checkbox"/>			Senior management are consulted with when preparing the audit plan. It is also circulated to the audit committee for comments.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	<input checked="" type="checkbox"/>			When preparing the plan feedback from senior managers and committee are considered and in some cases this can and has influenced the plan by creating new audits or providing additional areas to focus on within planned audits.
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	<input checked="" type="checkbox"/>			Consulting engagements are rare and performed on a more ad-hoc basis as required, an allowance of time is included within the plan for them to use as needed.
	Are consulting engagements that have been accepted included in the risk-based plan?	<input checked="" type="checkbox"/>			Consulting engagements are not included on the plan. A time allowance is given if needed.
3	2020 Communication and Approval				
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	<input checked="" type="checkbox"/>			The plan was circulated to SLT and shared at team meetings by the Principal Auditor. It was then emailed to committee to allow them to review and approve it. – normally it would be presented at committee, however, the changes of committees and dates meant it wouldn't be shared until June or July therefore it was emailed.
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	<input checked="" type="checkbox"/>			The only time this has happened was during Covid – 2020. The plan had to be altered due to the resource and ability to work from home. During this period auditors helped with the food hubs and other initiatives.

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	Has the CAE communicated the impact of any resource limitations to senior management and the board?	<input checked="" type="checkbox"/>			There have been no reports needed of this kind.
4	2030 Resource Management				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?		<input checked="" type="checkbox"/>		The time resource is shown on the plan but the assessment of this is not shown as part of the plan.
	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?				N/A engagement timings are agreed between the auditor and auditee
	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.				N/A
5	2040 Policies and Procedures				
5.1	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?		<input checked="" type="checkbox"/>		There is an Audit Manual in place which provides guidance on the procedures to follow for the internal audit activity. This is due to be updated as recommended in the QAIP completed in 22/23. Partial conformance has been given as the manual has not yet been reviewed and updated, therefore the information and forms contained in the manual are not in line with the current procedures. (e.g. control checklist is out of date, old Head of Finance still named) Recommendation

Ref	Conformance with the Standard	GC	PC	DNC	Evidence
					The Audit Manual should be updated with the new procedures, forms and relevant information.
5.2	<p>Has the CAE established policies and procedures to guide staff in performing their duties in a manner that conforms to the PSIAS?</p> <p>Examples include maintaining an audit manual and/or using electronic management systems.</p>		☑		<p>As above the manual needs updating (last completed in May 2021).</p> <p>There is a folder of Audit Procedures which include; CIPFA matrices many of which have not been updated since 2011, document retention policy from 2019 and audit forms, std programmes and templates which may need a review as the report template has been changed a number of times over the last 12 months but the one held in the file is from September 2021.</p> <p>Recommendation</p> <p>The templates, policies and procedure documents should be reviewed to ensure they are still relevant and reflect the procedures followed.</p>
	<p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>		☑		<p>They are reviewed but the copies held on file are not being updated with the changes. See above recommendation.</p>
6	2050 Coordination				
	<p>Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?</p>	☑			<p>Other sources of assurance are not used when preparing the plan. These may be considered when planning the individual audits when a judgement can be made on the reliance of the source. As a small audit team it would not be economical to gather the information regarding the other assurance sources as when it comes to completing the audit they may no longer be relevant. General conformance given</p>

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					as although this is not done as part of the plan it is considered as part of the audits.
	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?			<input checked="" type="checkbox"/>	This is not completed, being a local Council there could be many other sources of assurance. As the risks and scope are discussed at the opening of an audit and relevant sources of assurance can be considered then.
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?			<input checked="" type="checkbox"/>	This is not done other than for audits contracted out. As this sits as the responsibility of the CAE they form a part of the internal audit activity. See above comments
	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?			<input checked="" type="checkbox"/>	This is not done.
7	2060 Reporting to Senior Management and the Board				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	<input checked="" type="checkbox"/>			The CAE reports on a regular basis to senior management and committee. This is done through a number of ways, including; the charter, that annual audit opinion and quarterly updates
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	<input checked="" type="checkbox"/>			Risk registers are no longer reported annually, however, where significant risks have been identified these are reported and updates provided as required.

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	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?	☑			Reports are issued frequently and feedback received regarding this shows that reporting is carried out at the desired frequency and senior management and the board approve of the content. Where requests have been made to change reports this have been considered and changes made where appropriate.
8	2070 External Service Provider and Organisational Responsibility for Internal Auditing				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?				N/A
	Conclusion - 2000 Managing the Internal Audit Activity	27	6	3	<p>(3 N/A)</p> <p>General conformance overall.</p> <p>Some areas of partial and non-conformance have been noted without recommendations this is because there may not be an issue by not conforming as the guidance used is relevant for a wide range of organisations and the criteria may not be relevant to District Councils.</p> <p>Recommendations added to the Improvement Plan.</p>

NB – where references are made to the CAE, these refer to the person who held the post in 2023/24. All responses reflect the position at the time of the assessment.

Post Audit Questionnaire

Audit:

Date of report:

Auditor:

Manager:

In order to help us improve our service we would be grateful if you would spend a few moments answering the questions below.

Question	Yes	No	Comments (if applicable)
Pre-audit consultation			
Were you given adequate notification of the audit?			
Were the scope and objectives of the audit discussed with you?			
Was the audit process explained to you adequately?			
The audit			
Was the audit work undertaken at an agreed and convenient time?			
Was the audit conducted in a proficient manner?			
Were the appropriate staff interviewed for the audit areas covered?			
Were interviews conducted in a professional manner?			
Were the findings discussed with the right staff?			
Was the audit completed within a reasonable timescale?			
Audit reporting			
Was the draft report produced within a reasonable timescale?			

Question	Yes	No	Comments (if applicable)
Were you given the opportunity to discuss the report with the auditor?			
If so, did you find the discussion useful?			
Was the discussion conducted in a professional manner?			
Were your views and comments presented adequately in the final report?			
Were the recommendations in the report practical and realistic?			
Was the report produced to a professional standard?			
Did the audit reveal any unknown weakness in the system?			
Do you feel that the audit was worthwhile and has added value to your work?			

On a scale of 1 to 5, 1 being "very dissatisfied" and 5 representing "very satisfied", please score your level of satisfaction with the audit in overall terms:

If you have any other comments that you wish to make about the audit, please record them below:

Manager: _____

Date: _____