

# INTERNAL AUDIT QUARTERLY PROGRESS REPORT Quarter 3



## Cabinet Member for Finance & Commissioning

Date: 1 February 2024  
Agenda Item: 6  
Contact Officer: Andrew Wood  
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Key Decision? NO  
Local Ward Members Full Council

## AUDIT COMMITTEE

### 1. Executive Summary

- 1.1 This report comprises Internal Audit's Annual Report, including results for the quarter to 31 December 2023 (**Appendix 1**).

### 2. Recommendations

- 2.1 To note Internal Audit's Progress Report to 31 December 2023.

### 3. Background

- 3.1 The internal audit plan 2023/24 comprises **18 (including the additional IT audits)** and taking into account of the deferred audit outlined below. The target of achieving **90%** of the plan and this has been profiled as within the table below:

	Q1	Q2	Q3	Q4
No of planned audits	4	7	3	4
Cumulative	4	11	14	18
<b>Profile %</b>	<b>22%</b>	<b>61</b>	<b>78%</b>	<b>100%</b>

No of audits completed	2		6	
No of audits deferred to 24/25			1	2
Cumulative	2	2	7	
<b>Profile</b>	<b>11%</b>	<b>11%</b>	<b>33%</b>	<b>85%</b>

- 3.2 As at 31<sup>st</sup> December 2023 we had completed or achieved completion of **33%** of the audit. This was below the year to date audit plan profile for 2023/24 of **78%** and was due in part, to exceptional circumstances. To address the ongoing situation, a contingency plan has been put into place to draw down further resource from BDO to ensure completion of the audit plan by 31<sup>st</sup> March 2024. 1 audit Development Management Performance has been deferred until 2024/25 due to a management restructure of this area. Additionally we are in discussions with management with regards to Taxi Licensing and Strategic Housing Management which may require to be rescheduled to 2024/25 due to policy changes and management structuring. The planned work with BDO is reviewed on a fortnightly basis to ensure that the work is being completed in a timely and prompt manner. These actions together with the current progress of the plan is shown and detailed in **Appendix 1**, of this report.
- 3.3 In respect of current ongoing work as at 31<sup>st</sup> December 2023 we have;

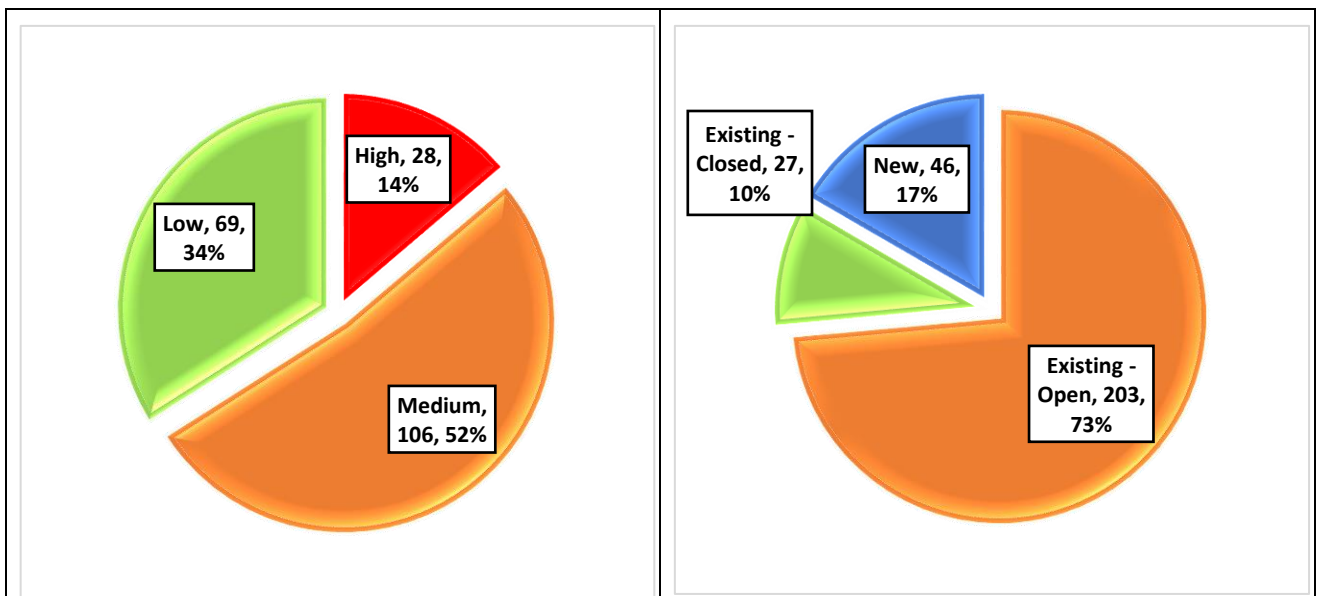
- Fieldwork fully completed and draft report issued to management – 3;
- Audit work commenced and fieldwork being undertaken – 5;
- Awaiting fieldwork start date in Q4 – 4; and
- Deferred audit – 1

Management will continue to monitor arrangements for the provision of the service and the expectation is that taking into account the work commenced that we would achieve 78% of the audit plan with a least 1 audit being deferred. Any audits deferred from 2023/24 would be included in the planned audit work for 2024/25.

3.4 Included within **Appendix 1** are the currently completed audit reviews and the respective assurance levels identified at the conclusion of the review. It is highlighted that a number of reviews have resulted in 'Limited Assurance', these are reported regularly to Leadership Team and also Internal Audit carry out follow up reviews to ensure that recommendations have been fully actioned. The follow up reviews are reported to this committee.

3.5 We issued 4 satisfaction questionnaires during the period and are awaiting a response from 2. All responses will be reported to this committee once received.

3.6 In terms of outstanding recommendations, they currently total **203**, a summary is provided below with additional detail included within the **Appendix 1**:



3.7 As previously reported to Committee we report high priority recommendations to Leadership Team monthly and hold quarterly meetings with all Leadership Team to discuss all outstanding recommendations and the progress management is taking to address these issues. An extensive exercise is currently being put into place to review the current levels of outstanding audit recommendations. All recommendations have been circulated to senior management for their responses and these are in the process of being collated. The Audit Manager will be reporting to Leadership Team on progress in late January 2024. To enable clarity around the current position in relation to the overdue high priority recommendations I have included commentary on each of these in **Appendix 1** of this report. Additionally, follow up reviews will be undertaken on the recommendations identified in **Appendix 1**.

3.8 During 2022/23 and as reported to this committee on 23<sup>rd</sup> March 2023 the service underwent its External Quality Assessment in relation to compliance with the Public Sector Internal Audit Standards. The service was found to 'generally conform' with the standards and an agreed Action Plan has been developed. This will form the basis for the service's Quality Assurance and Improvement Plan which

will be reported to this committee in the new municipal year. The current progress against the Action Plan is shown in **Appendix 2**. Outlined below is our overall completion rate for the recommendations raised. The expectation that these will be completed as part of the Audit Planning process for 2024/25 and final implementation by end of March 2024.

Priority	Completed recommendations	Ongoing and in progress recommendations
Review	5	2
Consider	5	0
%	83%	17%

The review also suggested enhancements to the service and as of 31<sup>st</sup> December 2023 we have achieved the following completion rates;

Completed recommendations	Ongoing and in progress recommendations
5	1
83%	17%

- 3.9 One whistleblowing issue has been reported to management during the period and initial investigations have been completed. Ongoing work is being undertaken and the results reported to this committee in due course.
- 3.10 The current contract with the IT Audit provision provided by E-Tec Business Services comes to a conclusion as at 31<sup>st</sup> March 2024 following a 1 year extension, as allowed within the contract. We are seeking to revisit the 'market' and put the IT Audit provision out to quotations in due course and the specification is being updated and it is proposed to ask three providers for their submissions. We are expecting this exercise to conclude in late February/early March and appointment to be made in anticipation for a start of date of 1<sup>st</sup> April 2024.

Alternative Options	N/A
Consultation	N/A
Financial Implications	The audit service has been delivered within budget during the year.
Approved by Section 151 Officer	Approved.
Legal Implications	None
Approved by Monitoring Officer	Approved.

Contribution to the Delivery of the Strategic Plan	Delivery of the audit plan contributes to all aspects of the District Council's Strategic Plan.
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Equality, Diversity and Human Rights Implications	No equality, diversity or human rights implications arising from this report.
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EIA logged by Equalities	EIA logged.
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Crime & Safety Issues	None arising.
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Data Assessment	None arising.
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Environmental Impact	None arising.
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GDPR/Privacy Impact Assessment	None required.
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Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A Significant / high risk systems of internal control fail and go unaddressed.  Audit Manager	Likelihood: Yellow Impact: Red Severity: Red	The audit planning process ensures that audit resources are directed to areas of most significant /highest risk.	Likelihood: Green Impact: Yellow Severity: Yellow

Background documents	Audit Plan and Charter approved by Audit & Member Standards Committee 24 March 2023.
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Relevant web links	
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Internal Audit Progress Report (Quarter 3) 2023/24  
January 2024



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## Appendices

- 01 Summary of Internal Audit Work Undertaken in 23/24
- 02 Assurance and Recommendation Classifications

If you have any questions about this report, please contact Andrew Wood [andrew.wood@lichfielddc.gov.uk](mailto:andrew.wood@lichfielddc.gov.uk)

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Lichfield District Council. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

## 01 INTRODUCTION

### BACKGROUND

This report comprises Internal Audit's Progress Report for quarter 3 to 31 December 2023.

### SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations 2015 require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This opinion forms part of the framework of assurances that is received by the council and should be used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal Audit's professional responsibilities as auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board. During 2022/23 we completed the External Quality Assessment and were found to 'generally conform' to the standards. An agreed Action Plan has been developed and this will be reviewed by management and reported to committee in the new municipal year.

### ACKNOWLEDGEMENTS

Internal audit is grateful to the heads of service, service managers and other staff throughout the council for their help during the period.

## 02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2023/24 was approved by the Audit & Member Standards Committee in March 2023. The plan was for a total of 19 audits (3 of which were deferred from 2022/23). During 2023/24 we have procured the services of BDO and E-Tec Business Services for delivery of the plan, together with internal auditor resource.

The three audits deferred from 2022/23 were PCI DSS, Housing and Council Tax Benefit and Development Management (Performance). These are progressing and a final report has been submitted to management relating to PCI DSS. Housing and Council Tax Benefit is scheduled for review during quarter 4. Development Management during quarter 1 of 2024/25, delayed due to the current departmental restructure.

A key performance indicator for Internal Audit is to continue towards the target of 90% audit plan achievement at year end, we are currently at 33% completion of the plan as at 31<sup>st</sup> December 2023.

Performance against internal audit KPI's is at section 05 but clearly the above has had an effect. This is particularly highlighted in the turn around times for audits from fieldwork completion to draft report and final report agreement. We will continue to liaise with our general audit service provision to improve the turnaround timescales for 2023/24.

The audit findings of each review, together with recommendations for action and the management responses are set out in our detailed reports. A summary of the reports we have issued during the period is included at **Appendix 01**.

We continue to work with management in respect of reviewing completed audit recommendations.



## 4 OPINION

### SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

### INTERNAL AUDIT OPINION

On the basis of audit work completed, our opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed.

### SPECIFIC ISSUES

No specific issues have been highlighted through the work undertaken by internal audit during the year.

### FRAUD & IRREGULARITY

Work was undertaken regarding a whistleblowing allegation which has been raised with management. Internal Audit carried out initial staff interviews to determine the veracity of the claims and subsequent management investigation is ongoing. Recommendations are in the process of being agreed by management to strengthen arrangements.



## CONSULTANCY & ADVICE

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters. During the period to 31st December 2023, the following was undertaken:

- Fuel
- Review of DWP Searchlight
- Lichfield BID
- Parks

## 5 FOLLOW UP

Internal audit follow up all high priority actions and those arising from no and limited overall assurance, manager’s confirmation applies to the rest (see KPI section 05).

Of those receiving a no or limited assurance opinion which require follow up, a summary of progress to date on these audits is given at Appendix 01.

Currently there are 203 outstanding recommendations at 31 December 2023, shown in the table below:

Action Priority Rating	Total Open Actions at 31 March 2023	Actions Raised Since April 2023	Total Overall	Total Closed out at 31 Dec 2023	Total Open at 31 Dec 2023	% Implemented in the period
High	13	19	32	4	28	13 %
Medium	102	13	115	9	106	8 %
Low	69	14	83	14	69	17 %

Due to the changes in the management structure and previous ongoing senior management vacancies, which have now been filled further work will be undertaken in respect of outstanding audit recommendation. All high recommendations are re-tested and 10% of medium and low priority actions are sample tested to confirm the accuracy of manager’s confirmation. Actions sampled confirmed implementation. We have recently completed a follow up of the GDPR limited audit and we can now provide a substantial assurance.

Of those audits receiving a no or limited assurance opinion which have been followed up, a summary of progress to date is given at Appendix 01.

Committee have previously asked for further details relating to current high priority recommendations. There are currently 28 high priority recommendations of which 22 are overdue and 6 are not yet due, these are detailed in the table below. Additionally, all high priority audit recommendations are reported to Leadership Team to provide feedback and sight of outstanding recommendations.

05 PERFORMANCE OF INTERNAL AUDIT

Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Our work has been performed in accordance with PSIAS.

Conflicts of interest

There have been no instances during the year which have impacted on our independence that have led us to declare an interest.

Performance of internal audit

Internal audit quality assurance

To make sure the quality of the work we perform, we have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

Performance Measures


- Complete 90% of the audit plan - **33%**
- 100% Draft reports issued within 6 weeks of start date – **67%**
- 100% Closure meetings conducted within 5 days of completion of audit work – **100%**
- 100% draft reports to be issued within 10 working days of closure meeting – **100%**
- 100% of all high priority actions are implemented at follow up – **100%**
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up – **100%**
- Achieve an average customer satisfaction score of 4 or more – **100% (2 out 4 issued)**
- Added value – **None quantifiable**

## APPENDIX 1

### APPENDIX 01: SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Creditors (SR1)	Risk based review covering the adequacy and effectiveness of controls around creditor payment systems and credit cards	Q3	Fieldwork fully completed with closing meeting. Draft report issued to management on 4 January 2024 for comment.	
	Payroll (SR1)	Risk based review of Payroll including assurance over the adequacy of controls around maintenance of systems, approval for payment and database management to ensure payments are correctly made.	Q2	Audit brief discussed during August 2023 with a proposed start date for January 2024.	
	Accounting & Budgetary Control (SR1)	Risk based review of the adequacy of controls surrounding accountancy and budgetary control arrangements across the council.	Q2	Fieldwork fully completed with closing meetings arranged. Draft report issued to management and further meeting requested to discuss findings.	
	Major Projects (SR1, SR3, SR4)	Risk based review to ensure that major projects are run in line with best practice, financial arrangements are robust and project management protocols and controls maintained.	Q1	Audit work commenced and fieldwork being undertaken.	
	Housing & Council Tax Benefit	Risk based review of the adequacy of controls surrounding awarding of Housing & Council Tax Benefits to ensure with the correct assessment and awarding of benefit. Deferred from 2022/23.	Q2	Audit work commenced and fieldwork being undertaken.	
Strategic & Operational Risks	Fees and Charges (SR1)	Risk based review of the adequacy and effectiveness of the controls in place to Ensure that fees and charges are regularly reviewed, updated and charged correctly.	Q1	Audit work commenced and fieldwork being undertaken.	


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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	Taxi Licences (SR4)	Risk based review to ensure licencing arrangements are effectively controlled.	Q4	Audit brief discussed and finalised in August 2023 with a start date in February 2024. Timing of the audit to be discussed with management with potential deferral to 2024/25.	
	Property Lease and Charges (SR2, SR4)	Risk based review regarding Property Leases and Charges to ensure that lease income is maximised and controls are effectively being implemented and operated.	Q2	Fieldwork commenced and in progress.	
	Strategic Housing (SR2, SR3, SR4, SR5)	A review of Strategic Housing to ensure effective management arrangements in place.	Q2	Allocated to be progressed Q4. Timing of audit to be discussed with management with deferral to 2024/25.	
	LA Trading Company (SR1, SR2, SR3, SR4, SR5)	A review of the governance arrangement sand structures in place.	Q3	Fieldwork fully completed and findings discussed with management. Draft report to be issued to management for comment.	
	Public Open Spaces – sale (SR1, SR5)	A review of council’s arrangements for the management of public open spaces and disposal.	Q4	Fieldwork commenced and ongoing.	
	Data Breach Management – DPO (SR4, SR7)	A review of data breach management arrangements.	Q3	Allocated to be progressed Q4. Terms of Reference in process of being approved.	
	Development Management Performance	Risk based review of Development Management Performance to include system based review of new systems.	Q2 2023/24	Audit brief discussed during June 2023. Deferred to 2024/25 due to departmental restructure.	
	Strategic Risk Register	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council’s strategic risks.	Q4	Allocated to be progressed Q4.	
ICT	IT Structure and Strategy (SR7)	Risk Based review on Council’s IT Structure and Strategy	Q1 – Q4	Allocated to IT Auditor	
ICT	PCI DSS (SR7)	Assurance review of PCI DSS compliance deferred from 2022/23.	Q1 – Q4	The council take card payments in a number of service areas and hence there is an obligation to comply with PCI DSS requirements. Card payments are taken online via the corporate website, over	


**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>the telephone by Customer Services and at various locations using Chip &amp; Pin payment devices.</p> <p>A project has recently been started to achieve PCI compliance and it is being supported by an external consultancy with expertise in this area. There is an action plan of the key tasks required for PCI compliance and a review of the timeline suggests that compliance can be achieved by 30<sup>th</sup> September 2023.</p> <p>A formal PCI Compliance Policy has been drafted and one of the other major achievements is the implementation of a PCI compliant system for taking telephone payments in Customer Services.</p> <p>The key tasks that remain outstanding are:</p> <ul style="list-style-type: none"> <li>• Confirming corporate roles and responsibilities for PCI compliance, including the corporate lead officer;</li> <li>• Identifying all merchant activities and defining the scope of the PCI environment;</li> <li>• Confirming the PCI compliance status of third-party systems and service providers;</li> <li>• Completing a PCI Self-Assessment Questionnaire, which is an annual requirement;</li> <li>• Verifying the PCI compliance status of all PIN transaction security devices;</li> <li>• Providing PCI training to all staff who process card payments; and</li> <li>• Agreeing a security scanning strategy and remediating the critical/high risk vulnerabilities from the last scan in October 2022.</li> </ul>	<p>Limited Assurance</p> <p>H-4</p> <p>M-3</p> <p>L-1</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
ICT	Business Systems (SR7)	Risk Based review of Business systems and data migration following implementation of new financial systems.	Q1 – Q4	<p>The Civica Financials system uses single sign-on (SSO) for user authentication and access is only available from the Lichfield DC network. SSO requires all users to have an account on the Civica domain which is linked to their account on the Civica system. Users are authenticated when they login to the corporate network and a secondary login to the Civica system is not required. All users have a unique account on the system.</p> <p>Members of the finance team have full access to relevant modules and users outside finance generally have read-only access. The access of the finance team should be restricted to reflect individual roles, although it is accepted that the small size of teams means some users will need to have a higher level of access for cover purposes. User access rights should also be documented and subject to a formal annual review.</p> <p>System administrator access is limited to three members of the finance team and staff from Civica, who require it for support purposes. As system administrators have operational responsibilities in finance, there is a risk of fraud or other misuse and this should be formally acknowledged and monitored via the finance risk register. The staff from Civica with system administrator access were confirmed in June 2022 and a number of their accounts were disabled as they no longer required access. This review should be performed annually and, in addition, their accounts should only be activated when they are required for support and kept disabled at all other times. New user accounts for the finance team should also be formally authorised before being created.</p>	 <p>Limited Assurance H-2 M-4 L-5</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>No details were available on the level of system auditing in place and on audit reports. Hence, there is a risk that changes to the system/data cannot be attributed to specific users.</p> <p>As the system is cloud based, the supplier is responsible for taking backups of data and for ensuring the system is protected against cyber-attacks. There is no hosting agreement, or equivalent, to provide assurance over these key areas.</p> <p>System support and maintenance is in place and all support calls are logged on the supplier portal. Whilst there are only a small number of logged tickets, one of them has not been updated since 2022 and hence they should be kept under review to ensure the supplier is meeting service level targets. Confirmation should also be sought from the supplier that software licensing conditions are being met.</p> <p>The first major upgrade to the system since it went live is being planned. Whilst there is evidence of testing being undertaken for a previous upgrade that was cancelled, there are no formal change control procedures in place.</p>	
ICT	IT Incident Management (SR7)	Risk based of Council's IT Incident Management and arrangements for maintenance of systems and recovery.	Q1 – Q4	The ICT team were responsible for all procedures relating to IT incident management up until March 2023. At this time, following staff changes within ICT and a review of services, a third-party supplier, RazorBlue, were engaged to provide first line support services. This includes operating a service desk for users to report incidents and service	 Reasonable Assurance H-0 M-4 L-2





**APPENDIX 1**

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>requests. The contract with RazorBlue ends in January 2024, although there is an option to extend for a further three months, at which time a decision will have to be made on the future of the service. Second line support services continue to be provided by the in-house ICT team.</p> <p>The appointment of RazorBlue means there are two service desk systems in operation. One is their system used for first line support and the other is the existing ICT service desk used by the in-house team for tickets that are passed to them for resolution. Running incident management on two systems that are not fully compatible is inefficient and should be addressed.</p> <p>RazorBlue’s service standards are documented and available on the Intranet. All incidents are prioritised into one of four categories and each has a stipulated response time. Support calls that are passed to the in-house ICT team for resolution do not have an agreed service level and consequently the performance of the team cannot be measured. These calls are also logged under a default category instead of one that reflects the type of incident/service request so that it is more meaningful and can be reported against.</p> <p>RazorBlue have documented and shared their escalation plan. The Interim ICT Manager confirmed he has not had to escalate any incident beyond the service desk.</p> <p>A review of the in-house service desk system identified a number of open tickets from March-</p>	


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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>July 2023 that have not been updated. All open tickets should be subject to periodic review to ensure they are being progressed. This includes tickets on the RazorBlue service desk.</p> <p>RazorBlue issue a monthly service report which includes various statistics to allow the performance of their service to be assessed. A new Trend Analysis report has also recently been made available.</p> <p>Users have an opportunity to provide feedback on the service they receive when their cases are closed and details of feedback are included in the service report.</p>	
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3	Work completed.	No assurance opinion required
	Assurance work	Assurance work on grants	Q1 – Q4		
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q4		
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	Ongoing	
	Annual Audit Opinion	Production of the Annual Audit Opinion.	Q2		
	Management and Planning	Management, planning and assurance reporting to Leadership Team and Audit & Member Standards Committee.	Q1-Q4	Ongoing	
	Ad hoc / Consultancy	Contingency allocation to be utilised	Q1-Q4	Ongoing	


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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
	/ Contingency	upon agreement of the Chief Finance Officer.			
	Risk Management	Supporting the Council's risk management systems.	Q1-Q4	In progress and continuing, see Risk Management report at this Committee.	
	NFI	Compliance with and review of data matches	Q1-Q4	In progress	
Additional Assurance Reviews requested by management	DWP Searchlight	Assurance review	Q1	Final Report issued.	 Limited Assurance H-9 M-1 L-0
22/23 Planned Audits finalised	Agency Staff	Risk based review of controls in place for use of agency staff	Q4 2022/23	<p>Draft report issued.</p> <p>The Agency staff system is not designed with controls in place to mitigate the major risks. Appointment of agency staff is completed by the department. The choice of agency will be based on the availability of staff, pay rates or prior successful engagements. Where responsibility is held for completing the recruitment screening checks is uncertain. Verification checks undertaken will vary between agencies and will be specified in the agency terms and conditions. This would include checks on qualifications, right to work, references, medical clearance etc. HR are not informed of the recruitment of agency staff and there is no corporate process to advise on the recruitment of agency workers and the checks required. Staff are inducted by the Manager and inductions are role specific. There is no corporate induction for agency staff and agency staff are not consistently inducted on corporate policies or the council's code of conduct for employees. Corporate e-learning is undertaken by those with</p>	 Limited Assurance H-1 M-5 L-1


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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				<p>access to the IT system and the Learning Hub. Testing confirmed for the 3 agency staff with access to the IT system, training through the Learning Hub had only been completed by one staff member. Other training is specific to the role. The working hours is specified in the agency contract/booking confirmation and is monitored by the Manager. Testing noted that two from six contracts/ booking confirmations could not be located. Agency fees are paid on receipt of a timesheet and an invoice. Testing noted that invoices are approved by the Manager prior to payment. Agency staff's performance is monitored through 1:1 meetings, team meetings and monitoring workload.</p> <p>At the time of the audit, only agency staff working at the depot had been subsequently transferred to permanent. The Council's new starter process had been followed. Personal information had been obtained, references, right to work checks and medical clearance. An induction had been completed at the depot which included reference to the code of conduct for employees. A regular training and monitoring program is in place, with staff subject to a six month probation period. For both permanent employees, the Objectives and Key Results (OKR'S) were on file.</p>	
	Elections	Risk based review of elections processes and in particular financial returns.	Q1	Draft report issued awaiting finalisation by management.	
	Being a Better Council	Risk based review.	Q4 2022/23	We have reached the overall opinion that the Council had substantial project management controls to support the BABC programme. The BABC Programme Governance Model was well structured; roles, schedules, accountabilities of the governance groups/boards were clearly defined.	 Substantial Assurance H - 0 M - 0 L - 1

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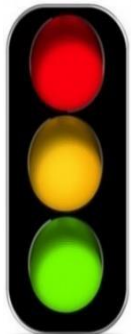
Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				However, the Programme Board held two meetings without the appropriate quorum.	
	S106	Risk based review.	Q4 2022/23	<p>We have reached the overall opinion that the Council has Limited controls to support the monitoring of Section 106 agreement trigger points and the spending of the funds.</p> <p>Section 106 contributions were often received significantly later than when the trigger point has been met as developers did not proactively inform the Council and sites are only visited annually to ascertain their progress. Similarly, there were some instances, specifically relating to the Cannock Chase Special Area of Conservation (CCSAC), where the Council had not obtained evidence from Stafford Borough Council, who are financially responsible for expenditure on projects by the CCSAC Partnership, that the contributions had been spent in accordance with the agreement. However, alternative project documentation has been provided to the Council and monthly officer meetings are held where issues and updates and projects are discussed. Joint Strategic Board meetings with officer and elected member attendance are held where necessary, where decision making for spending is undertaken.</p> <p>The performance of Section 106 allocations and collection of contributions was not monitored frequently, with the full SIG having not met since June 2022. These issues have been driven by a significant reduction in resources following a Council restructure and staff leaving the Spatial Policy and Delivery Team, with some roles remaining vacant while a further restructure of the team takes place.</p>	 <p>Limited Assurance H - 3 M - 0 L - 1</p>

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Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
				While significant issues were identified, the Council's Exacom system retained adequate records for each contribution, including notification for when it was due to be spent by and, in some instances, the evidence of the spend. Additionally, despite limited resources, the Spatial Policy and Delivery Officer is taking steps, such as periodic emails to developers to ascertain whether trigger points have been met.	
Follow up all no and limited assurance reports and all high priority recommendations.	Data Protection/ GDPR	Risk Based review on Council's Data Protection and GDPR compliance	Q1	Follow up allocated and completed during Q1. To be finalised with management.	 <p style="text-align: center;">Substantial Assurance H - 0 M - 3 L - 0</p>

**ASSURANCE AND RECOMMENDATION CLASSIFICATIONS**

Overall Audit Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Priority	Definition
	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.



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Audit	Year	Recommendation	Current Status
Epayers	2016/17	The relevant PCI Self Assessment Questionnaire (SAQ) should be completed and submitted to the sponsoring bank.	<ul style="list-style-type: none"> <li>- Currently outstanding and being addressed.</li> <li>- PCI DSS Audit in 2023/24</li> <li>- Implementation of Call Secure Plus January 2023</li> <li>- Additional and transformational IT support December 2022</li> <li>- IT Action Plan implemented</li> <li>- PCI Policy to be reviewed</li> </ul> <p><b>Internal Audit to complete a full follow up review during Q1 2023/24, PCI DSS audit completed with Limited Assurance</b></p>
Property Leases and Charges	2019/20	It should be investigated whether the leases identified were finalised and if there is a signed copy.	<ul style="list-style-type: none"> <li>- The Property Team are reviewing all leases to be completed April 2023</li> <li>- Review of PPM compliance for tenants</li> <li>- Review of unsigned leases</li> </ul> <p><b>Internal Audit to complete a full review of Property Leases and Charges during 2023/24.</b></p>
Property Leases and Charges	2019/20	Rent Reviews should be completed on time. The findings of the review should be communicated with the Corporate Debt Recovery team and evidence should be retained to support the change in rent charged.	<ul style="list-style-type: none"> <li>- Rent Reviews dates are all marked on the asset register and take place on time</li> <li>- Scheduled reviews being undertaken</li> <li>- Liaison with debt recovery team on rent increases and outstanding debts</li> </ul> <p><b>Internal Audit to complete a full review of Property Leases and Charges during 2023/24.</b></p>
IT System Security	2022/23	A formal RAP should be developed and managed for the quarterly security vulnerability scans and the RAP for the current ITHC should be managed through to full implementation. Where a vulnerability cannot be addressed, the risk should be documented and signed off by the SIRO.	<p>31<sup>st</sup> January 2023</p> <p><b>Scheduled for follow up in 2023/24.</b></p>
IT System Security	2022/23	All accounts in the Windows Domain Admins group, including nested groups, should be reviewed and access revoked where it is not required.	<p>31<sup>st</sup> January 2023</p> <p><b>Scheduled for follow up in 2023/24</b></p>
IT Disaster Recovery	2022/23	Scenario testing of the ICT Business Continuity Plan should be carried out at least annually.	<p>31 March 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24</b></p>
Climate Change	2022/23	The Action Plan should be reviewed quarterly by Cabinet or the Overview & Scrutiny Committee with lead officers being amended to reflect staff changes at the Council.	<p>30<sup>th</sup> September 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>

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Climate Change	2022/23	The Council should establish a cross-departmental working group to meet at least monthly oversee joint arrangements for reducing carbon emissions. It should also be used as an opportunity for departments to identify areas where they can cooperate to reduce carbon emissions.	31st May 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>
Climate Change	2022/23	a) The Ecology & Climate Change Manager should contact the Finance team to obtain contact information for a member of the Finance team to support them on the management of the climate change budget. b) The Council should allocate funds from the climate change budget to specific projects. Where possible, these projects should measure the carbon emission reduction to demonstrate how the project will contribute to the achievement of the success measures in the Organisational Carbon Reduction Plan. Projects should be identified and discussed through a cross-departmental working group (see Finding 2).	31 <sup>st</sup> July 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>
Strategic Risk Register	2022/23	The Council is not PSN compliant. Action is being taken to address Payment Card Industry Compliance which when complete will progress the PSN certificate.	31 <sup>st</sup> August 2023  <b>Scheduled for follow up in 2023/24</b>
LWMTS Searchlight	2023/24	9 recommendations raised at the conclusion of the audit and circulated to all members of the Committee.	All recommendations with implementation date of 31 July 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>
S106	2022/23	The Council's Section 106 agreements are managed and monitored by the Spatial Policy and Delivery Team, and principally a Spatial Policy and Delivery Officer. The team are supported by the Finance Team on monitoring spend when requested.  In 2022 the Council had a restructure, resulting in staff leaving the Spatial Policy and Delivery Team reducing the resources from eight officers to three officers. The number of positions has been reduced to six, but two roles remain vacant while the structure of the team is finalised. Some of these roles had been vacant since January 2022 and not been filled due to the restructure.  Throughout our review, in findings 2-4 of this report, we identified gaps in the management and monitoring of Section 106 agreements, resulting in contributions not being collected and spent to alleviate the impacts of large developments.	31 October 2023  <b>Internal Audit to complete a full follow up review during 2023/24.</b>

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S106	2022/23	<p>Section 106 agreements are established with developers to provide funding for community infrastructure and services, to alleviate the increase in demand driven by the development. All contributions in the agreements are payable by developers to the Council when a trigger point is reached. For instance, the trigger point for a contribution could be met when the first dwelling on the site is occupied. While the Council are reliant on developers informing it when trigger points have been met, quarterly site visits are undertaken by the Spatial Policy and Delivery Team to verify the development stage and determine if trigger points have been met. Once trigger points have been met, an invoice is issued to the developer for the contribution.</p> <p>However, due to a reduction in the Spatial Policy and Delivery Team's resources site visits have fallen to once a year, placing a higher reliance on the developer's notification of the trigger points being met. We were informed that developers do not tend to pro-actively inform the Council that a trigger point has been met. The Council does periodically email developers to enquire whether trigger points have been met.</p> <p>We reviewed contributions from 10 Section 106 agreements and found:</p> <ul style="list-style-type: none"> <li>• There were six instances where the contributions totalled £216,297 where the developer did not notify the Council that the trigger point had been met. Therefore, contributions were received late. While we are unable to verify the time gap between the trigger point being met and receipt of the contributions (as the Council were not notified of it), there appears to be a significant delay in these cases. For example, there was one instance where a contribution of £150,000 for a developer to support the enhancement of biodiversity across the Council's jurisdiction was due to be paid at the start of construction but was not received until the construction had been completed due to a lack of monitoring.</li> </ul>	<p>31 December 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
S106	2022/23	<p>The Spatial Policy and Delivery Team report to the SIG who as part of their remit provide oversight and scrutiny on the allocation and spend of Section 106 monies. The SIG's membership includes officers from the Council's Development Management Team, Finance Team, Housing and Leisure Team, and the Spatial Policy and Delivery Team, plus two officers from Staffordshire County Council.</p> <p>However, the full group of SIG members have not met since June 2022 as the Chair of the SIG and several other members have left the Council.</p>	<p>31 October 2023</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>

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PCI DSS	2022/23	<p>The Interim ICT Manager has an informal list of merchant activities but it has not been validated by Finance.</p> <p>Once validated, it can be used to confirm the scope of the PCI environment in terms of people, processes and technology.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
PCI DSS	2022/23	<p>The following compliance activities have not been performed:</p> <ul style="list-style-type: none"> <li>• Completion of a PCI DSS Self- Assessment Questionnaire (SAQ) and Attestation of Compliance (AoC). There are a number of different SAQ's and the right one depends on merchant activities;</li> <li>• Confirmation that all third-party systems and services within the PCI scope are PCI compliant; and</li> <li>• All PIN Transaction Security (PTS) devices are compliant with the PCI PTS standard.</li> </ul> <p>These activities are included on the PCI action plan.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
PCI DSS	2022/23	<p>Staff who process card payments have not been provided with any training on their responsibilities for safeguarding cardholder data. A PCI training course is available on the on-line training platform and has been identified for staff. A review of the course found that it covers PCI requirements and risks of non-compliance but does not cover staff roles and responsibilities.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
PCI DSS	2022/23	<p>PCI requires annual security penetration testing and quarterly internal and external vulnerability scans by an Approved Scanning Vendor (ASV). The actual requirements are dependent on the relevant SAQ as per recommendation 4.</p>	<p>31 January 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
Civica	2023/24	<p>Confirmation should be sought from the supplier on what transactional activity and changes are being audited, availability of audit reports and the retention of audit logs.</p>	<p>31 March 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>
Civica	2023/24	<p>A cloud hosting agreement, or equivalent, that covers the areas highlighted should be requested from the supplier. Confirmation of any security certifications held by the supplier should also be requested to ensure they are still valid.</p>	<p>2 November 2024</p> <p><b>Internal Audit to complete a full follow up review during 2023/24.</b></p>

## External Quality Assessment Action Plan

	Priority	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	Review	<p><b>Internal Audit Charter (IAC)</b> The IAC is comprehensive regarding engagement reports however does not contain details of the requirement for the Chief Audit Executive (CAE) to deliver an Annual Report including an opinion in relation to risk management, governance and control.</p>	<p>Include an appropriate statement in the Internal Charter with regard to the provision of an Annual Report and align this with regard to the benefit of aligning the internal audit planning process with a continuous assessment of the risk environment faced by each client, in order to support the provision of the annual opinion regarding risk management, governance and control.</p> <p><b>PSIAS 1000</b></p>	<p>Agreed.</p> <p>To be implemented via a review of Internal Audit Charters for 2023/24.</p> <p>This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>	<p>Audit Manager</p> <p>May 2023</p>	Completed as part of the Internal Audit Charter update for 2023/24
2.	Review	<p><b>Performance appraisal</b> The self-assessment identified that the CAE's appraisal which is undertaken by the Chief Executive at Tamworth Borough Council (TBC) has not taken place. A new appraisal process is to be introduced at Lichfield District Council (LDC).</p>	<p>Ensure that a robust performance appraisal process is in place within the Internal Audit Team With regard to the Audit Manager consider Inviting observations from both Chairs of Audit Committee in advance of the performance appraisal, as this would provide valuable client feedback and reflect best practice.</p> <p><b>PSIAS 1110</b></p>	<p>Agreed.</p> <p>Ongoing review of Audit Manager performance maintained by Chief Executive at Tamworth BC and both Section 151 Officers. Discussions to agree further approach.</p>	<p>Audit Manager</p> <p>March 2024</p>	Complete

3.	Consider	<p><b>Declarations of interest</b> Each Council has adopted different practices regarding the protocol for declarations or conflicts of interest. Due to the independent nature of internal audit work it would be beneficial for internal audit staff and any contractors to confirm the position on an annual basis.</p>	<p>The CAE should obtain confirmation regarding potential conflicts of interest on 1 April each year and on appointment of any further staff or contractors undertaking internal audit engagements at the Councils.</p> <p><b>PSIAS 1100</b></p>	<p>Agreed</p> <p>Previous declarations of interest have been recorded but only updated if changes have occurred. However to comply with best practice will implemented annual reviews.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Completed</p> <p>Confirmation received from external contractors of compliance with standards.</p> <p>Staff members completed declarations of interest for 2023/24.</p>
4.	Review	<p><b>Audit Universe</b> The current internal audit planning model reflects use of a “standard audit universe’ to which a cyclical approach to reviewing areas of activity is applied in consultation with management. This is provided for in circumstances where the client risk management system cannot be relied upon. Internal Audits of risk management have provided positive opinions in relation to their application and as a result it would be beneficial therefore to increasing align the focus of strategic and engagement planning with each clients risk environment as this would enhance internal audits’ ability to demonstrate a</p>	<p>The development of a comprehensive internal audit plan that reflects the significant risks that are recorded within each Councils risk management system represents an essential feature of both strategic and operational internal audit planning as it acts as a basis for both ensuring attention on significant risks on a priority basis as well as providing an indication of the resources required to provide continuous independent assurance. Internal Audit works with each client manager at the time of an engagement to identify significant risks; it would be opportune to increasingly recognise and promote the value of ‘Control Risk’ at an operational level and transparently integrate this within the planning</p>	<p>Agreed</p> <p>Review of current audit universes at both Tamworth and Lichfield.</p> <p>Change of current working practices to develop the auditing of control risks and linking into strategic and operational risk registers are both authorities. To be supported by the current reviews of Strategic Risk Registers which looks at mitigating controls. Additionally, this will improve wider</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Completed</p> <p>Ongoing progress started with 2023/24 Audit Plan and will be developed moving forward during the financial year to be fully implemented and included in plan for 2024/25</p>

		<p>commitment to helping each Council achieve its objectives. It may be beneficial to consider the content of each clients risk management process as the Audit Universe in future.</p>	<p>process, identifying sources of assurance as a matter of routine. It would be beneficial therefore to increasingly align development of the internal audit planning system with each Councils risk management processes in order to ensure that resources are consistently focused on areas where assurance is required regarding the operation of policies, procedures and controls that mitigate the significant risks to which the Council is exposed at an inherent level.</p> <p>It may be that such an approach would also help embed effective risk management within each clients governance processes.</p> <p><b>PSIAS 2000/2010</b></p>	<p>outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.</p>		
5.	Consider	<p><b>Purpose of the system subject to review</b> Audit Planning Memorandum currently contains a statement which reflects the 'Management Objective' of the area subject to review. Whilst the terminology is correct statements tend to focus on a generic statement regarding the internal control environment rather than focusing on what management are aiming to achieve, in accordance with Public Sector</p>	<p>The inclusion of a Management Objective is regarded as good practice however it may be beneficial to increasingly capture the specific aims of management in each review to which can be aligned the significant risks being faced within the area under review .</p> <p>This will assist with the discussions with client managers and specifically the identification of the significant risks which may impact upon achievement of the established objectives and upon which the assurance opinion should be based.</p>	<p>Agreed</p> <p>Audit Planning and pre-meetings will incorporate aims of management in the Audit Brief.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Complete - Audit Planning and pre-meetings to include aims of the service in the planning document.</p>



		Internal Audit Standards (PSIAS) requirements, which recognise the value of focusing on operational management objectives.	The significant risks may be all or some of those identified with the risk management process as well as others recognised at the time of audit.  <b>PSIAS 2201</b>			
6.	Consider	<b>Recognition of identified key controls</b> The current risk management methodologies require identification of the primary controls which exist as well as the further mitigating controls which are to be developed. These are likely to represent the key controls upon which the audit should be based, as they represent 'Control Risk' and the implications should a failure of controls occur.	It would be beneficial to increasingly focus on what is regarded as a 'significant risk' within each Councils risk management processes and the associated primary controls as this would increase efficiency through allocating appropriate resources to those areas of most concern. There is limited feedback from the client survey which indicates that the Shared Service might provide increased focus on significant risk and introducing advice best practice within the audit approach and these may be areas where increased understanding of risk throughout the process may produce results which are regarded as adding value by clients.  <b>PSIAS 2010</b>	Agreed.  To be developed over 2023/24 towards full implementation.  This will improve wider outcomes in the Council so that the audit plan is more focussed on ensuring strategic/operational risks are mitigated to provide assurance.	Audit Manager  March 2024	Complete  Ongoing work in this area to link into the strategic and operational risks of the council started with SRR and Risk linkages in 2023/24 Audit Plans for both authorities.
7.	Review	<b>Consideration of Fraud</b> The Team maintain a Fraud Risk Register demonstrating compliance with the standards regarding the recognition of potential fraud, however this is	Ensure that the areas reviewed within an engagement include those where potentially significant fraud risks exist.  <b>PSIAS 2030</b>	Agreed.  As part of annual review of Fraud Risks and reported to respective	Audit Manager  October 2023	Complete  Ongoing to be developed and included following

		not directly considered when scoping engagements.		Committees at Tamworth and Lichfield.		review of fraud risks as part of the council reporting arrangements.
8.	Review	<p><b>Quality Improvement Assurance Policy</b></p> <p>The service has introduced a Quality Improvement Assurance Policy (QIAP) in accordance with the requirements of the standards. The policy focuses on consistent internal review of engagements, an annual assessment against the standards and the External Quality Assessment (EQA) review on a five year cycle. The Head of Internal Audit's Annual report confirms that aspects of the policy have been completed in a diagrammatic presentation. Industry best practice now reflects an extension of the quality review process to include consideration of wider performance in the form of KPI's, resources, skills and training requirements.</p>	<p>It would be beneficial to update the policy in line with best practice and as required confirm annually that all measures have operated during the year as well as summarise any outcomes influencing future development of the service within the Head of Internal audit's Annual Report.</p> <p><b>PSIAS 1300</b></p>	<p>Agreed.</p> <p>QIAP to be reviewed at both Councils and implemented. Changes to be incorporated into the QAIP for 2023/2024.</p>	<p>Audit Manager</p> <p>July 2023</p>	<p>Complete QAIP updated in accordance with standards and presented as part of updated QAIP for 2023/24.</p>
9.	Review	<p><b>Governance</b></p> <p>The standards require the CAE to provide an annual opinion</p>	<p>In Local Government, each Council establishes a Code of Governance in accordance with CIPFA SOLACE – it would be beneficial to map internal</p>	<p>Agreed.</p> <p>To be implemented as part of AGS for</p>	<p>Audit Manager</p> <p>March 2024</p>	<p>Ongoing progress in this area, assurance</p>

		regarding the effectiveness of governance arrangements. Current planning includes various aspects of the governance process including Ethics, Conflicts of Interests and Members expenses.	audit activity to the content of the Code in order to provide assurance at a level which contributes directly to the Annual Governance Statement through the Head of Internal Audit Annual Report.  <b>PSIAS 2110</b>	2022/2023 and ongoing development. To be linked with Monitoring Officer at LDC and internally within TBC.		mapping to be completed.
10.	Review	<b>Risk Management</b> Internal Audit last reviewed risk management as an assignment in TBC (March 2021) and LDC (March 2022) providing a 'Reasonable' assurance opinion.	The standards require an annual opinion to be made in the Head of Internal Audit's Annual Report regarding the adequacy and effectiveness of each Councils risk management processes. It would therefore be beneficial to support the opinion with evidence of how this has been reached through a combination of the assurances gained at both a strategic level and at an operational level within engagements. It would be beneficial to document in this approach how any potential conflict of interest with regard to the Audit Manager and Principal Auditor's roles relating to risk management is managed.  <b>PSIAS 2120</b>	Agreed  To be implemented as part of Annual Internal Audit Reports submitted to each Council Audit Committees.	Audit Manager  April 2023	Ongoing, review of Risk Management to be completed at TBC in 2023/24, audit scheduled for Q4.
11.	Consider	<b>Head of Internal Audit Annual Opinion</b> The current statement is largely based upon the work completed in the current financial year.	In practice, the opinion is actually based upon the continuous thread or trend of assurance work completed in recent years as a result of the focus of internal audit plans, the wider knowledge of significant risks and the	Agreed.  Updating of audit opinion for new financial year 2023/24	Audit Manager.  April 2023	Complete to be included in Annual Report to be presented to A&G

		<p>Best practice reflects using a wider basis for the opinion reflecting the full knowledge of the CAE including significant risks which each client is facing and information from other assurance sources.</p>	<p>various sources of assurance that exist, including the risk management processes. Future opinions should state the full basis upon which the opinion has been reached.</p> <p><b>PSIAS 2450</b></p>			Committee in June 2023.
12.	Consider	<p><b>Internal Audit Risk Based Strategy</b> The teams approach to assessment of the perceived risk at inherent and residual levels within an engagement is reflected in the grading of recommendations and opinions which are then used in reporting. Audit Engagement Plans and Reports contain an explanation of how the Internal Audit Team relate the level of risk evaluation to the conduct of the audit. It would be beneficial to ensure that the wording used is consistent with risk management terminology used by each client. PSIAS guidance emphasises that the focus of internal audit should be on 'significant' risk.</p>	<p>Consider reviewing the wording of definitions that support the grading of recommendations and opinions to better reflect risk appetite of each client. Particular attention should be given to the use of wording such as Fundamental and Significant. Within engagement reports this would then link to alignment of assurance opinions where fundamental or a series of significant recommendations automatically generated a 'Limited Assurance' opinion. Consider whether maintained a fourth level of assurance (being no assurance) is necessary.</p> <p><b>PSIAS 2420</b></p>	<p>Agreed.</p> <p>In conjunction with further reviews of wording and audit opinion, to be carried out in conjunction with these reviews.</p>	<p>Audit Manager</p> <p>December 2023</p>	Completed

## Suggested Enhancements for consideration

	Issue Identified	Recommended Action	Management response	Officer responsible/ timescale	Status
1.	<p><b>Job descriptions</b> Current job descriptions are in a consistent form abut are not routinely reviewed as part of the PDR process..</p>	<p>Best practice reflects regular update of job descriptions, it may be beneficial to review all job descriptions at the same time to ensure that any inter-dependencies are fully reflected, particularly as the two currently vacant posts are advertised</p> <p><b>PSIAS 1210</b></p>	<p>Agreed</p> <p>Review of job Descriptions to be undertaken.</p>	<p>Audit Manager.</p> <p>April 2023</p>	Complete
2.	<p><b>Client surveys</b> Progress has been made in obtaining feedback from auditees following each audit through discussions with client managers and within the annual planning process. Current completion reflects 66% TBC and 82% LDC. This provides informal confirmation from clients regarding the Teams ability to deliver upon its responsibilities and particularly add value.</p>	<p>Internal Audit may find it useful to utilise Survey Monkey or similar technology for collecting feedback and capture similar feedback in relation to each contractors performance, as this can prove to be an efficient means of gathering an early response. Feedback should be included as part of the QAIP process.</p> <p><b>PSIAS 2000</b></p>	<p>Agreed.</p> <p>Will review the possibility and functionality of Survey Monkey and determine a way forward.</p>	<p>Audit Manager</p> <p>April 2023</p>	<p>Ongoing review to ascertain best systems going forward.</p> <p>Completed and determined that current paper based questionnaire was retained.</p>

3.	<p><b>Contract support</b> A contract is in place with each contractor which states that delivery of services should comply with the PSIAS.</p>	<p>In order to evidence that the Shared Service is compliant in overall terms it would be helpful if each contractor were requested to provide evidence that their work had been independently assessed in accordance with the PSIAS.</p> <p><b>PSIAS 1312</b></p>	Agreed	Audit Manager	Complete
4.	<p><b>Key Performance Indicators</b> Completion of the Internal Audit Plan is regarded as the current focus of performance monitoring, although other indicators based on recommendations and opinions made in the year are recorded in the Head of Internal Audit's Annual Report. Good practice elsewhere utilises a range of quantitative and qualitative measures to demonstrate performance against the Internal Audit Charter.</p>	<p>Consideration could be given to devising a more comprehensive list of indicators and a summary of client feedback received. This may include:</p> <ul style="list-style-type: none"> <li>• Reports issued to agreed timescales</li> <li>• Recommendations accepted/not accepted by risk rating</li> <li>• Recommendations acted upon in a timely manner</li> <li>• Client satisfaction</li> <li>• Staffing levels and qualifications</li> <li>• Planned training completed</li> </ul> <p><b>PSIAS 1310</b></p>	<p>Agreed</p> <p>Will review current KPI's and in conjunction with client managers determine a suite of KPI's for Internal Audit.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing, to be reviewed and considered for 2024/25.
5.	<p><b>Training</b> The Internal Audit Team has developed a comprehensive training and skills matrix which includes reference to mandatory requirements although this has not been maintained. As the internal audit planning process devises a forward looking three year plan it would</p>	<p>Consider the benefits of using the priorities included in internal audit plans to identify potential courses or seminars which may provide increased understanding of the risk environment that will be reviewed. Ensure that training records are maintained and used to inform the QAIP.</p> <p><b>PSIAS 1210</b></p>	<p>Agreed</p> <p>Review training and implement as determined by the knowledge and experience of auditors.</p>	<p>Audit Manager</p> <p>March 2024</p>	Ongoing CPD requirements and training opportunities in place. Maintenance of training records to be updated.

	be beneficial to consider the future training needs of internal audit staff and include these in future resource planning.				Training records now documented and retained.  Complete.
6.	<b>Internal Audit Manual</b> The Team has compiled an Internal Audit Manual which was last reviewed in December 2022.	Following completion of the EQA, consider revising the Manual to fully reflect current practice rather than generic example as this will assist when training new staff. It may be useful to include the Internal Audit Protocol document within the Manual as this represents an excellent way of explaining the internal audit process to all stakeholder  <b>PSIAS 2030</b>	Agreed.  Implement changes as suggested.	Audit Manager  March 2023	Complete  Ongoing review of manual to bring into line with best practice.