

# **Internal Audit and Anti-Fraud Annual Plan 2024-25**

## 1. Background

### Introduction

- 1.1 This report provides details of Internal Audit's planned assurance and anti-fraud work for 2024-25 (the Plan). The Plan is designed to support the Council's Strategic Plan 2022-26 and the People First Transformation Programme. It also recognises that Internal Audit will need to evolve and develop in order to maintain its relevance and value to the organisation; this will include the improvement of current practices to ensure that it is better equipped to provide business critical insights and recommendations on internal controls and risk mitigation strategies
- 1.2 Internal Audit follows the Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements of the Global Institute of Internal Auditors' (IIA Global) International Professional Practices Framework (IPPF). They also include additional requirements and interpretations for the UK public sector. These standards are embedded within the Council's Internal Audit manual which sets out the procedures and policies that are adhered to in undertaking internal audit work.

### Internal Audit Charter

- 1.3 Internal Audit's terms of reference are set out in the updated Audit Charter, which is included at **Appendix C**. The Charter defines the purpose, authority, and responsibility of the Internal Audit function and the nature of the activities to be performed by Internal Audit. It also confirms the requirement for Internal Audit to apply and uphold the relevant ethical standards.

## 2. Producing the Risk-Based Plan

### Assurance Landscape

- 2.1 There are a number of factors shaping the Council's Assurance Landscape and these have been used these to inform the Plan and underlying organisational risk assessment – the key factors include:
  1. **The Risk Profile of the Council is increasing** - this is largely owing to the ambition, pace and breadth of transformational change that is occurring. This includes underlying changes to the Council's Organisational Structure, its Target Operating Model, and new Senior Officer appointments. These will all require new ways of working, requiring the Council's internal governance systems to change and adapt, and in particular to become more responsive and agile without compromising established controls.
  2. **Ongoing challenges to the sector's medium term financial sustainability** – whilst the Council is not at immediate risk of issuing a Section 114 Notice, it faces a challenging financial environment including, for example, persistent overspends in demand-led services, such as Adult Social Care coupled with limited single-year funding settlements from central government which hinder medium and long-term financial planning. Although there has been a reliance on reserves in recent periods, the Council has signalled that it plans to restrict future drawdowns.
  3. **Geo-political and economic uncertainty is likely to persist** – lingering inflation and higher interest rates are continuing to squeeze household real incomes. Alongside other projected economic headwinds such as weak business investment and low/negative growth, these point to the likelihood that cost-of-living pressures will persist, impacting income and debt recovery and in turn increasing demand for Council services from vulnerable clients and low-income households, such as Housing & Homelessness and Council Tax Support.

**Risk-Based Planning**

2.2 Internal Audit uses risk-based planning to deliver value and insight. this methodology links into the Council’s risk management framework allowing Internal Audit to provide assurance that risk management processes are managing risks effectively, in relation to management’s risk appetite. This approach will also mean that Internal Audit is in a position to offer meaningful insights into the effectiveness and further development of organisational risk management including, for example, the effectiveness of the mitigating controls cited on the Council’s Corporate Risk Register.

**Other Drivers of the Plan**

2.3 Although the Plan is primarily driven by the Council’s corporate risks, Internal Audit also uses several planning tools (see opposite diagram) to help to ensure that planned coverage is drawn from a sufficiently broad organisational landscape rather being solely driven by known risks and issues. These tools help identify assurance blind spots and emerging risks which may not be visible to the Corporate Management Team.

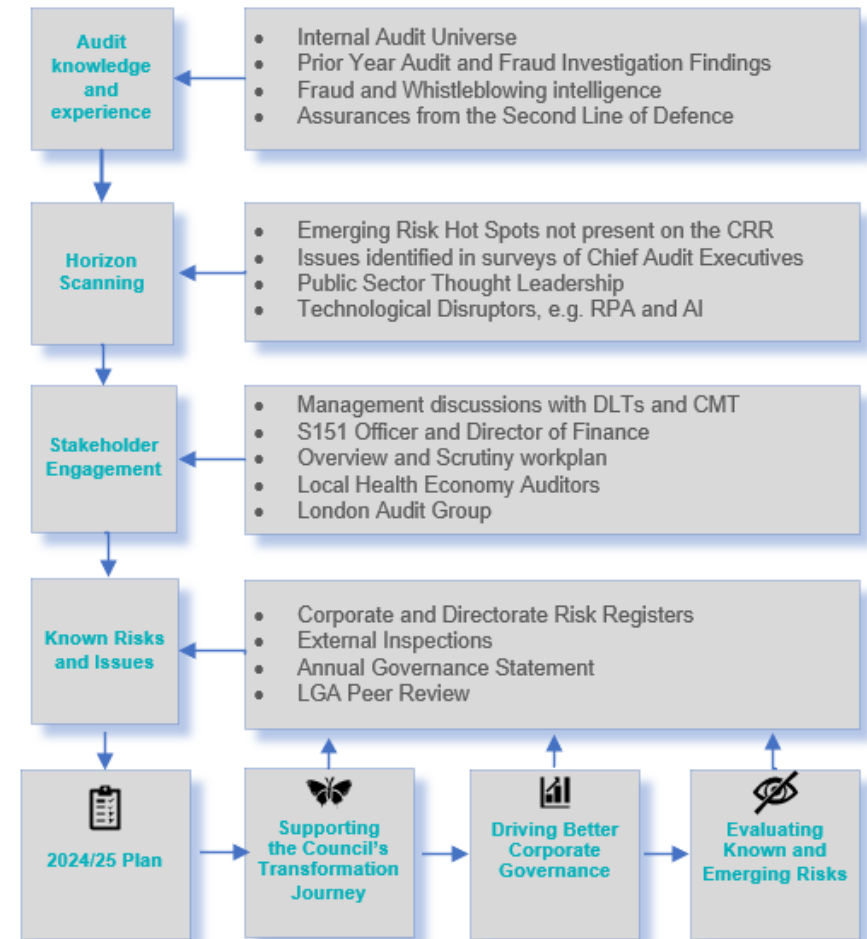
2.4 Internal Audit’s discussions with stakeholders are important in identifying management concerns which can be addressed through the audit process. As the plan has taken shape stakeholders have also been used to validate the evolving plan and their views will continue to be important in reviewing the plan as 2024-25 progresses.

**Flexible Planning**

2.5 This document includes detailed of the planned audit assignments for 2024-25 (refer **Appendix A and B**). However, the Plan is not intended to be static - it will be flexible to allow for focus on changing and evolving risks. All changes to the Plan will be agreed with the Corporate Management Team and reported to the Audit Committee. Internal Audit will use the ‘6+6 Planning Methodology’ where the first six months engagements will be carried out in accordance with the agreed Plan. The work planned for the second six months of the year will then be reviewed at the mid-year point to determine if any changes are required to the audit

engagements planned for the second half of the year. This coupled with the contingency reserve built into the plan means the Plan is suitably future focused and responsive to changing risks

**Drivers of the 2024-25 Risk-Based Plan**



### 3. Anti-Fraud and Investigations

#### Anti-Fraud and Corruption Strategy

- 3.1 The work of Internal Audit in this area is informed by the Council's Corporate Anti-Fraud and Corruption Strategy. This strategy outlines the Council's commitment and approach to tackling both internal and external fraud, including roles and responsibilities and it applies to councillors, employees, agency workers, contractors, partners, consultants, suppliers, and service users.
- 3.2 The Council's anti-fraud work is designed primarily to address the local risks of fraud and corruption, although it is also guided by the work of the national anti-fraud co-ordinating agencies such as Action Fraud, CIFAS and other regulatory bodies including HM Revenue & Customs and the Financial Conduct Authority.

#### Proactive and Reactive Work

- 3.3 By deploying expert anti-fraud and investigatory resources, there will be reactive and proactive work undertaken throughout the year. This will ensure that key risk areas are targeted, referrals (including whistle-blowing) are acted on promptly, and that where fraud can be proven, there is the capability to initiate the full range of sanctions, be they disciplinary, civil or criminal. Results from the National Fraud Initiative data-matching exercise will be reported during the year, as will work to review and improve the Council's corporate anti-fraud arrangements, including review of the Corporate Anti-Fraud Strategy, updating the Fraud Risk Assessment and improving the use of external intelligence gathering.

### 4. Resources and Planned Audit Days

#### Available Resources

- 4.1 The plan has been designed around the level of resources likely to be available over the course of 2024/25. Currently, the audit team has an establishment of 6.6 FTEs (excluding the Head of Service), including two posts which are currently vacant. The in-house Internal Audit team is supported by an audit partner BDO LLP which will be responsible for undertaking all of the schools' audits (refer **Appendix B**) and a range of other assignments within an overall envelope of circa 300 chargeable audit days.
- 4.2 As noted in Section 2.5 of this report, the plan is intended to be flexible and therefore should the resources available fluctuate during the year, for example as a result of filling vacancies, then the plan will be suitably augmented. The Audit Committee will be updated on a quarterly basis on the progress of the Audit Plan and any subsequent changes to it.

#### Adding Value

- 4.3 The resource planning process also makes an allowance for work undertaken collectively by the team to develop, enhance and embed good corporate governance across the Council:
- Ex-post assurance of the Council's Grants Programmes
  - Supporting corporate priorities such as transformation projects
  - A contingency provision for unplanned/responsive risk assurance work
  - Six-month follow-up of all Limited and No Assurance audits
  - Leading on the compilation of the Annual Governance Statement
  - Assisting in the development of the Council's incipient control framework.

## Appendix A: Detailed audit plan

Audit Title		Directorate	Timing	Status
1	Supply Chain Risk Management	Corporate	Q1/Q2	CRR(ICT0081), Regulatory Risk,
2	Governance of Capital Programme	Corporate	Q1/Q2	Emerging Risk
3	Health and Safety at Work	Corporate	Q1/Q2	CRR(CLSCCB0012), Regulatory Risk
4	Business Continuity and Resilience Planning	Corporate	Q1/Q2	CRR(ORG0026), Request, Hot Spot
5	Lone Working Arrangements	Corporate	Q1/Q2	CRR(CLSCCB0012), Regulatory Risk
6	Data Quality	Corporate	Q1/Q2	C/fwd from 23/24, Peer Review
7	Risk Management	Corporate	Q3/Q4	AGS
8	Management of Efficiency Savings/Income Generation	Corporate	Q1/Q2	Audit Risk
9	Employee Wellbeing and Satisfaction	Corporate	Q1/Q2	Hot Spot
10	Management of Overtime	Corporate	Q1/Q2	Fraud Risk
11	Post Establishment Control	Corporate	Q1/Q2	Audit Risk, Request
12	Key Decision Process	Corporate	Q3/Q4	Peer Review
13	Information Governance / GDPR Compliance	Corporate	Q3/Q4	Hot Spot, Regulatory Risk
14	IT Governance	Resources	Q3/Q4	Hot Spot
15	IT Asset Management	Resources	Q1/Q2	Hot Spot
16	Value Added Tax	Resources	Q3/Q4	CRR(FPA0014), AGS, Regulatory Risk,
17	Cyber Security and Resilience	Resources	Q3/Q4	AGS, CRR(ORG0027), Hot Spot.
18	Staff Recruitment, Pre-employment Checks and Vetting	Resources	Q3/Q4	CRR(ASDASC0018), Regulatory Risk,
19	Pension Fund Administration	Resources	Q3/Q4	AGS, CRR(HRP0009, RSB0023), Regulatory Risk
20	IR35 – Off Payroll Engagement	Resources	Q1/Q2	CRR(FPA0014) C/fwd from 23/24, Regulatory Risk
21	Council Tax Support Scheme/Cost of Living Relief Fund	Resources	Q1/Q2	Audit Risk
22	Residents Hubs	Resources	Q3/Q4	Audit Risk, Request
23	Management and Control of Subject Access requests	Resources	Q3/Q4	Regulatory Risk, Request
24	Financial Regulations and Procedures	Resources	Q3/Q4	Request, Peer Review
25	Treasury Management	Resources	Q3/Q4	Request
26	Quality Assurance in Adult Social Care	Health and Adult Social Care	Q3/Q4	AGS
27	Telecare Service	Health and Adult Social Care	Q1/Q2	C/fwd from 23/24
28	Payments to Home Care Providers	Health and Adult Social Care	Q3/Q4	Management Request, Fraud Risk
29	Shared Lives	Health and Adult Social Care	Q3/Q4	Management Request, Regulatory Risk
30	Contract Monitoring of Commissioned Services	Health and Adult Social Care	Q1/Q2	Audit Risk
31	Public Health Grants to Directorate Services	Health and Adult Social Care	Q3/Q4	Management Request
32	Waste Service – Operational Management	Communities	Q1/Q2	AGS, Request
33	Management of Commercial Waste	Communities	Q3/Q4	AGS, Request
34	Transport Service	Communities	Q1/Q2	Request
35	Management of Video Surveillance systems	Communities	Q1/Q2	CRR(CS0014), C/fwd from 23/24
36	Leisure Service – Governance Arrangements	Communities	Q3/Q4	Audit Risk

## Appendix A: Detailed audit plan

37	Penalty Charge Notices – Debt Recovery and Write Offs	Communities	Q3/Q4	Audit Risk
38	Domestic Violence – Contract Monitoring	Communities	Q3/Q4	Audit Risk
39	Street Lighting Contract	Communities	Q3/Q4	Audit Risk
40	Youth Service	Children’s Services	Q1/Q2	AGS
41	Client-Side Management of Schools’ Capital programme	Children’s Services	Q1/Q2	Request
42	Transitioning from Children’s to Adults	Children’s Services	Q1/Q2	Audit Risk
43	Leaving Care service	Children’s Services	Q3/Q4	Request
44	Youth Offending Team – Service review	Children’s Services	Q3/Q4	AGS, Emerging Risk
45	SEND Transport and Cost Control	Children’s Services	Q3/Q4	Emerging Risk
46	Capital Delivery Team – Payment and Budgetary Control	Housing and Regeneration	Q3/Q4	Audit Risk
47	Management of Capital Projects by Capital Delivery	Housing and Regeneration	Q1/Q2	Audit Risk
48	Housing Allocations – Bidding Process	Housing and Regeneration	Q1/Q2	Fraud Risk, Request
49	Section 20 Leaseholder Consultation Process	Housing and Regeneration	Q3/Q4	Regulatory Risk, Request
50	Homeless Families Visiting, Inspections and Investigation	Housing and Regeneration	Q1/Q2	Audit Risk, Request
51	Housing Management - Governance	Housing and Regeneration	Q3/Q4	Audit Risk
52	Management of Voids	Housing and Regeneration	Q3/Q4	Audit Risk
53	Damp and Mould Management	Housing and Regeneration	Q1/Q2	Regulatory Risk
54	Service Charges – Calculations, Allocations and Billing	Housing and Regeneration	Q1/Q2	Regulatory Risk, Request
55	Planning and Building Control Fees/Charges	Housing and Regeneration	Q1/Q2	AGS, Request
56	Legal Services – Quality Assurance	Chief Executive’s	Q3/Q4	Audit Risk, Request
57	Corporate Compliance Culture	Chief Executive’s	Q1/Q2	Audit Risk, Request
58	Mayors Community Grants – Governance & Monitoring	Chief Executive’s	Q3/Q4	Audit Risk, Peer Review
59	Community Cohesion	Chief Executive’s	Q3/Q4	Audit Risk, Emerging Risk

Schools Audits	
1	Arnhem Wharf Primary School
2	Globe Primary School
3	Harry Gosling Primary School
4	John Scurr Primary School
5	Lansbury Lawrence Primary School
6	Lawdale Primary School
7	Marion Richardson Primary School
8	Old Palace Primary School
9	Redlands Primary School
10	St Agnes Primary School
11	St Elizabeth Primary School
12	St Lukes Primary School
13	St Paul with St Luke Primary School
14	St Saviour's Primary School
15	Smithy Street Primary School
16	Bishop Challoner Girls and Boys Secondary School
17	Morpeth Secondary School
18	Oaklands Secondary School
19	Beatrice Tat Special School
20	Cherry Trees Special School

### Introduction

The Accounts and Audit Regulations 2015 require the Council to have effective internal audit that evaluates the effectiveness of the Council's risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards (the Standards) and associated guidance. In accordance with the Public Sector Internal Audit Standards, this Internal Audit Charter sets out the purpose, authority and responsibility of the Council's Internal Audit service. The Charter will be reviewed annually and presented to the Audit Committee for approval.

### Purpose and Mission

The purpose of the Council's Internal Audit service is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. The Standards define Internal Audit as '*...an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*'

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### Standards for the Professional Practice of Internal Auditing

The Internal Audit service will govern itself by adherence to the mandatory elements of the Public Sector Internal Audit Standards, including the Core Principles, the Code of Ethics, the Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Standards make reference throughout to 'Senior Management' and 'the Board' and it is incumbent on the Head of Internal Audit to consult with, report to and seek approval from these two bodies at various stages as set out in the standards. For the purposes of this document, the role of the Board is fulfilled by the Audit Committee and the role of Senior Management is usually fulfilled by the Council's Corporate Management Team.

The Head of Internal Audit will report periodically to Senior Management and the Audit Committee regarding the Internal Audit service's conformance to the Code of Ethics and the Standards.

### Authority

The Head of Internal Audit will report functionally to the Audit Committee on a quarterly basis and administratively (i.e., day-to-day operations) to the Corporate Director of Resources (s151 officer). In addition, and to support the independence of the Head of Internal Audit, the Chair of the Audit Committee will be invited, at least annually, to contribute to the annual performance review of the Head of Internal Audit.

To establish, maintain, and assure that the Council's internal audit service has sufficient authority to fulfil its duties, the Audit Committee will:

- Approve the risk-based Internal Audit plan, and the audit charter
- Approve the Internal Audit resource plans
- Receive communications from the Head of Internal Audit on the service's performance relative to its plan and other matters
- Make appropriate inquiries of management and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations
- Ensure and authorise the Head of Internal Audit to have unrestricted access to, and communicate and interact directly with, the Council's statutory officers as well as all other members of the Corporate Management Team, the Audit Committee and the Mayor including in private meetings without management present



- Ensure and authorise officers from Internal Audit and Anti-Fraud to have full, free, and unrestricted access to all functions, records (including electronic records), property, assets, and personnel pertinent to carrying out any engagement and/or investigation, subject to accountability for confidentiality, data protection and safeguarding of records and information
- Ensure Internal Audit is allocated sufficient resources and is free to select any service, project or topic for audit; set the frequency of audits; determine the scope of its work and issue reports
- Ensure officers from Internal Audit and Anti-Fraud are able to obtain assistance from the necessary personnel of the Council, as well as other specialised services from within or outside the Council, in order to complete their engagements and/or investigations.

### **Independence and Objectivity**

The Head of Internal Audit will ensure that the Internal Audit service remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties including the Audit Committee.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous 12 months
- Performing any operational duties for the Council, its companies, partnerships or similar arrangements
- Initiating or approving transactions external to the Internal Audit, Anti-Fraud, Risk or Insurance departments
- Directing the activities of any Council employee not employed by Internal Audit, Anti-Fraud, Risk or Insurance departments except to the extent that such employees have been appropriately assigned to those departments or to otherwise assist the staff employed within them.

Where the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

### **Current Additional Responsibilities and Safeguards**

The Head of Internal Audit currently holds responsibility for the Anti-Fraud, Risk and Insurance departments. To safeguard independence and objectivity the Risk and Insurance departments will be independently reviewed and/or audited by a third party as and when required. Each review/audit will be sponsored by an appropriate Corporate Director and the outcomes will be reported to Senior Management and the Audit Committee.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined
- Make balanced assessments of all available and relevant facts, and circumstances

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit service.

The Head of Internal Audit will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating the results.

### Scope of Internal Audit activities

The scope of Internal Audit activities encompasses, but is not unduly limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, Senior Management, and appropriate outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Council including any wholly or part owned/controlled companies, partnerships or similar arrangements.

Internal Audit assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed
- The actions of the Council's members, employees, temporary staff and contractors are in compliance with the Council's policies, procedures, and applicable laws, regulations and governance
- The results of operations, projects and/or or programmes are consistent with established goals and objectives
- Operations, projects and/or programs are being carried out effectively and efficiently
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit will report periodically to Senior Management and the Audit Committee regarding:

- Internal Audit's purpose, authority, and responsibility
- Internal Audit's plan and performance relative to its plan
- Internal Audit's conformance with the relevant Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee
- Results of audit engagements or other activities
- Resource requirements
- Any response to risk by management that may be unacceptable to the Council.

### Co-ordinating Activity

To avoid duplication and maximise assurance for the Council, the Head of Internal Audit will co-ordinate activities, where appropriate/possible, and will consider relying upon the work of other internal and external assurance, and consulting service providers.

### **Consulting and Advisory Services**

The Internal Audit service may perform consultancy and/or advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit service does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management. The outcome of consultancy and/or advisory services may be used by the Head of Internal Audit to inform the annual opinion.

Internal Audit will not assume management responsibility for the design or implementation of systems or control and has no direct operational responsibility or authority and accordingly it will not implement internal controls, develop procedures, establish systems, prepare records, or engage in any other activity that may impair its judgement

### **Relationships and Communication**

Internal Audit will endeavour to build positive and constructive working relationships with clients and stakeholders. In all relationships Internal Audit will treat the persons concerned with respect courtesy politeness and professionalism any confidential or sensitive issues raised with or reported to Internal Audit will be dealt with in an appropriate manner. Where issues could in the opinion of the Head of Internal Audit cause loss or damage to the Council the appropriate manager will be advised immediately so that the issue can be addressed without delay.

Internally the main contacts for Internal Audit planning and reporting are the Chief Executive, Corporate Directors, Directors, and Heads of Service. The main contacts for day-to-day Internal Audit work are Heads of Service and Managers. Internal Audit will ensure that it explains to the persons concerned the purpose of the audit and the various stages that the audit will follow. The team will agree with the manager concerned the purpose of the audit and the various stages that the audit will follow. The team will agree with the manager concerned the timing and scope of the audit and the circulation of the audit report.

### **Scope of Anti-Fraud, Risk and Insurance activities**

The Head of Internal Audit currently holds responsibility for the Anti-Fraud, Risk and Insurance departments. The broad responsibilities of these departments includes, but is not unduly limited to, the following:

- To promote an anti-fraud culture within the Council that aids the prevention and detection of fraud and similar crimes such as theft and corruption
- To investigate allegations of fraud and similar crimes affecting the Council and its customers and report the outcome of those investigations to Senior Management and the Audit Committee as required
- To promote and facilitate effective Risk Management
- To promote and facilitate adequate insurance arrangements for the Council's employees and assets.

The Head of Internal Audit will report periodically to Senior Management and the Audit Committee regarding:

- Progress and results of anti-fraud activity and investigations (at least quarterly)
- Progress and results of work on Fraud Prevention and National Fraud Initiative (NFI) activities and co-ordination
- Risk Management activity including, when appropriate, Corporate and Divisional risk registers and the Council's risk strategy (at least quarterly)

- Insurance activity (at least annually).

### Responsibility

The Head of Internal Audit has the responsibility to:

- Submit, at least annually, to Senior Management and the Audit Committee a risk-based Internal Audit plan for review and approval
- Communicate to Senior Management and the Audit Committee the impact of resource limitations on the annual plan
- Review and adjust the annual plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls
- Present an annual report to Senior Management and the Audit Committee that provides an overall opinion of the Council's governance, risk management and control processes
- Communicate to Senior Management and the Audit Committee any significant changes to the annual plan
- Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable observations, conclusions and agreed management actions to appropriate parties
- Follow up on engagement findings and corrective actions, and report periodically to Senior Management and the Audit Committee any corrective actions not effectively implemented
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld
- Ensure the Internal Audit service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit charter, annual plan and/or individual engagements
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit activity
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit charter. Any such conflicts will be resolved or otherwise communicated to Senior Management and the Audit Committee
- Ensure the Internal Audit service's conformance with the Public Sector Internal Audit Standards, with the qualification that if the Internal Audit service is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.



### Quality Assurance and Improvement

The Internal Audit service will maintain a Quality Assurance and Improvement framework that covers all aspects of the internal audit activity. The framework will include an evaluation of the Internal Audit services conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit service and identify opportunities for continuous improvement, including:

- Overseeing the annual staff appraisal cycle and ensuring that any developmental or training needs are identified and addressed
- Undertaking, reviewing and acting on client satisfaction surveys and feedback
- Constantly reviewing and improving the audit methodology and benchmarking against peers and best practice
- Monitoring key performance metrics to measure the efficiency of the Internal Audit service

- External Quality Assessments which will be conducted at least once every five years by a qualified, independent assessment team
- Establishing and maintaining operational guidance and procedure notes
- Maintaining a professional audit team with the requisite knowledge, skills, and experience.

The Head of Internal Audit will communicate to Senior Management and the Audit Committee on Internal Audit service's quality assurance and improvement programme, including results of annual internal assessments and external assessments which will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council.

Opinion		Definition
<b>Substantial</b>	Positive 	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable</b>		There is a generally sound system of governance, risk management and control in place. Some issues, noncompliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited</b>	 Adverse	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the areas audited.
<b>No</b>		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the areas audited.

**Disclaimer**  
 This report has been prepared for the use of the Audit Committee and Senior Management of the Council. Details may be made available to specified external agencies, including the external auditor, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.