

# ANNUAL HEAD OF INTERNAL AUDIT REPORT

23 June 2022

ANNEX 1

RYEDALE  
DISTRICT  
COUNCIL



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## BACKGROUND

- 1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Council's audit charter. These require the Head of Internal Audit to bring an annual report to the Overview & Scrutiny Committee. The report must include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The report should also include:
  - (a) any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
  - (b) any particular control weakness judged to be relevant to the preparation of the annual governance statement
  - (c) a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
  - (d) an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme, including a statement on conformance with the PSIAS.



## INTERNAL AUDIT WORK CARRIED OUT IN 2021/22

- 2 At the beginning of 2021/22, the Council was still recovering from the impact of the Covid-19 pandemic on its working practices and, in some areas, only starting to revert to business as usual. Over the rest of the year, significant (and increasing) resource has been redirected to preparations for Local Government Reorganisation (LGR). Coupled with the loss of key members of staff during the year and difficulties recruiting to some positions, capacity and resilience have become key organisational risks. The combination of these factors have also impacted upon the work of internal audit.
- 3 Commencement of 2021/22 internal audit work programme was also delayed. This was because of the ongoing impact of Covid-19 and the need for the Council to prioritise its response to the coronavirus pandemic in 2020/21 and 2021/22. Work in the early part of 2021/22 focussed on finalising audits relating to the previous year.
- 4 Senior managers have continued to support delivery of internal audit as far as they have been able during 2021/22. Work has continued to be prioritised based on risk and the need to provide coverage of the Council's framework of governance, risk management and control. However, given the significant increase in LGR workloads on top of usual responsibilities, and the related impact on availability of Council staff throughout the year, timelines for completion of audit work have slipped. Consequently, we currently have a higher level of outstanding 2021/22 work than would normally be expected at this point.
- 5 As has previously been reported to this committee, we have also had to defer a number of audits to 2022/23 where pressures facing officers have

meant a lack of capacity to be able to support the work. For clarity, these audits are listed below:

- Service risk management
- Freedom of Information
- Transparency (follow-up)
- Procurement
- Budget monitoring and management
- Council Tax and NNDR
- Depot operations
- Empty Homes Strategy
- Environmental Health
- Home energy efficiency

- 6 As reported to this committee in April, the majority of these audit areas are included, in some form, in the 2022/23 work programme.
- 7 A summary of internal audit work undertaken during the year is contained in appendix A.
- 8 We will continue to prioritise the conclusion of remaining 2021/22 audit work over the coming weeks, and expect to be able to complete this work during the early part of quarter two 2022/23. Strategic Management Board recognises that we have needed to reflect the reduction in the scope and volume of assurance work completed in 2021/22 in our annual opinion for this year. The extent of this limitation has now been determined and is explained in paragraphs 16-18.
- 9 Appendix B provides details of the key findings arising from internal audit assignments completed, that we have not previously reported to the committee.
- 10 Appendix C sets out our current definitions for each assurance level and the priorities for management action.



## FOLLOW UP OF AGREED ACTIONS

- 11 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. As a result of this work, we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. Where further assurances are required, for example in respect of Transparency Code compliance, the relevant areas will either be subject to targeted follow-up reviews in 2022/23 or be included as part of other audits in the work programme.



## PROFESSIONAL STANDARDS

- 12 In order to comply with Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit is required to develop and maintain an ongoing

quality assurance and improvement programme (QAIP). The objective of the QAIP is to ensure that working practices continue to conform to professional standards. The results of the QAIP are reported to the committee each year as part of the annual report. The QAIP consists of various elements, including:

- maintenance of a detailed audit procedures manual and standard operating practices
  - ongoing performance monitoring of internal audit activity
  - regular customer feedback
  - training plans and associated training and development activities
  - periodic self-assessments of internal audit working practices (to evaluate conformance to the standards)
- 13 External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The most recent external assessment of Veritau internal audit working practices was undertaken in November 2018<sup>1</sup>. This concluded that Veritau internal audit activity generally conforms to the PSIAS<sup>2</sup>.
- 14 The outcome of the recently completed self-assessment demonstrates that the service continues to generally conform to the PSIAS, including the Code of Ethics and the Standards. Further details of the QAIP are given in appendix D.
- 15 The Internal Audit Charter sets out how internal audit at the Council will be provided in accordance with the PSIAS. The Charter is reviewed on an annual basis and any proposed changes are brought to the Overview & Scrutiny Committee. No changes are proposed at this time.



## OPINION OF THE HEAD OF INTERNAL AUDIT

- 16 Due to the significant reduction in audit coverage in 2021/22 (as detailed in paragraphs 4-8), the results of the work carried out by internal audit – taken together with other sources of assurance – are not sufficient to support a comprehensive Head of Internal Audit annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.
- 17 As a result, the opinion relates to risk management, governance and control only insofar as the audit work that has been concluded or substantially completed to this point; and where it has been possible to place a degree of reliance on other existing arrangements based on discussion with senior managers and key officers, and review of key sources of evidence<sup>3</sup>.

<sup>1</sup> Reported to the Overview & Scrutiny Committee in January 2019

<sup>2</sup> PSIAS guidance suggests a scale of three ratings, ‘generally conforms’, ‘partially conforms’ and ‘does not conform’. ‘Generally conforms’ is the top rating.

<sup>3</sup> In providing an annual opinion, there are a number of key aspects of risk management, governance and control that need to be considered (for example, financial governance and

- 18 In the context of this limitation of scope, the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council is that it provides **Reasonable Assurance**. There are no significant control weaknesses identified from internal audit work which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.
- 19 In giving the opinion, we would note that the Covid-19 pandemic has continued to affect the authority over the last year, with a consequential impact on business operations and controls. The work of internal audit has been directed to the areas considered most at risk, or that offer the most value for the authority overall. However, not all the areas affected by the Covid-19 pandemic will have been reviewed.
- 20 A limitation of scope should not be confused with an adverse opinion. An adverse opinion is one that is given when sufficient work has been completed by internal audit to enable the Head of Internal Audit to reasonably conclude that arrangements are not adequate and effective. A limitation of scope has been necessary this year as internal audit is unable to draw on sufficient assurance to give a full opinion.

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performance, strategic planning, procurement and contract management, programme and project management, and ICT governance) and a number of related key processes or indicators which provide a degree of insight into the adequacy and effectiveness of these arrangements. As part of the process for arriving at this opinion, conversations were held with, and information obtained from, senior managers and other key officers to obtain supplementary evidence in these key areas. Due to the nature of the evidence and the lack of audit procedures applied, the level of reliance that can be placed on this information is lower but is nonetheless still relevant in arriving at the annual opinion.

## APPENDIX A: INTERNAL AUDIT WORK IN 2021/22

### Final reports issued

Audit	Reported to Committee	Opinion
Creditors	July 2021	Reasonable Assurance
Main accounting system	July 2021	Substantial Assurance
Insurance	July 2021	Reasonable Assurance
Local code of corporate governance	October 2021	Reasonable Assurance
CIPFA Financial Management Code	April 2022	Substantial Assurance
Payroll	June 2022	Reasonable Assurance
Waste & Streetscene	June 2022	Limited Assurance
Income collection and debt management	June 2022	Substantial Assurance

### Audits in progress

Audit	Status	Assurance Level
Records management	Draft report	Reasonable Assurance
Everyone Active	In progress	-
Section 106 agreements and CIL	In progress	-
Cyber awareness and email security	In progress	-
Disaster recovery / backup management	In progress	-

### Other work completed in 2021/22

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Certification / assurance and compliance review of the Local Authority Compliance and Enforcement Grant and the Protect and Vaccinate Grant
- Support and advice provided through the year on risk management development
- Collation and review of various sources of evidence (eg financial governance and performance, the health and safety system, procurement, complaints, information governance, and counter fraud efforts) in support of our assessment of the Council's governance, risk management and control arrangements
- Preparation of key internal audit findings summary for the LGR programme, on behalf of the Council

## APPENDIX B: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Payroll	Reasonable Assurance	The audit looked at implementation of the new pay structure on MyView in April 2020, arrangements for review of payroll exceptions, and management of sickness absence. The audit also included follow-up of actions raised as part of the 2019/20 Payroll and HR audits.	April 2022	<p>We found that the new pay structure had been implemented successfully and accurately on MyView. Where changes to monthly payments were identified, appropriate supporting evidence was provided by NYCC Employee Support Services (ESS).</p> <p>NYCC ESS continue to carry out checks on pay run data each month. These include exception reports, salary differences, rounding reports and sickness absence. Sufficient checks on pay run data were found to be carried out by ESS each month via a number of error and exception reports.</p> <p>Sample testing identified that sickness absence is not consistently recorded by line managers within appropriate timescales. Notifications are sometimes recorded manually and retrospectively on MyView by NYCC's ESS.</p> <p>Improvements to address control weaknesses raised in the 2019/20 Payroll and HR audits had not been completed, due in part to the upcoming Local Government</p>	All agreed actions were completed at the time the report was finalised.

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				Reorganisation and partly due to the impact of Covid-19 on the Council's operations. Actions agreed in response to the HR audit have been delayed or have been reviewed by management and deemed not appropriate or cost effective to implement given the imminent changes. These actions include a new performance management system, MyView training and work to address issues related to storage of HR documentation.	
Waste & Streetscene	Limited Assurance	This audit focused on the use, authorisation and recording of overtime in the Council's Waste & Streetscene service. This included a review of compliance with pay policy and regulatory requirements relating to staff wellbeing, the processes for review and authorisation of claims, and the monitoring of	May 2022	<p>We identified a number of fundamental issues with the use, recording and ability to accurately monitor overtime across operations. Due to the issues with the arrangements at the time of the audit we were only able to provide a limited level of assurance that overtime was being used appropriately and claimed accurately.</p> <p>At the time of the audit, there was either minimal or no information relating to claim submissions on MyView that would facilitate effective authorisation by management. There was also minimal (or unreliable) evidence available within the service to support the accuracy and legitimacy of claims made by its staff.</p> <p>We also noted that the spreadsheet used by the service to monitor use of overtime does</p>	<p>Since the audit was completed, management has undertaken immediate action to address the significant control weaknesses identified. A revised process for scheduling, recording, and authorisation of overtime has been implemented, as follows:</p> <p>Staff now complete a weekly timesheet, which is submitted to a Streetscene supervisor at the end of the working week. This timesheet shows start and finish times and the tasks that have been completed on each day (including any additional hours or overtime).</p> <p>Streetscene supervisors record all additional hours and overtime on a weekly work plan and on a daily</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		overtime usage (both from an operational and a financial perspective).		not reconcile to overtime recorded on the MyView system (220 more overtime hours were processed through MyView than were recorded on the spreadsheet). Sample testing found that overtime recorded in the monitoring spreadsheet and MyView often does not match.	<p>overtime tracking spreadsheet as evidence of their authorisation of additional hours and overtime.</p> <p>The tracking spreadsheet is checked against the weekly work plan to validate claims.</p> <p>Staff are required to submit their claim on MyView for that week, including details of the reason why they worked additional hours or overtime.</p> <p>This claim is then authorised/validated by Streetscene management who check the claim to ensure the reasons for overtime/additional hours are detailed. If the details are insufficient then the claim is rejected.</p> <p>Future actions include introduction of a procedure (and accompanying training) for overtime claims, development of management information reports to improve validation and reconciliation of claims, and a review of overtime approval processes to ensure the necessary authorisation has been obtained for any additional</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
					overtime costs to be incurred by the service.
Income collection and debt management	Substantial Assurance	This audit reviewed the Council's arrangements for collecting and recovering income from its statutory and non-statutory services. The audit also sought to determine whether consideration was given to changes to services in the context of Covid-19 restrictions and to associated hardships experienced by customers. In addition, the audit looked at the processes in place for compiling and reporting performance information relating to income collection across services.	June 2022	<p>The audit found that the Council's Sundry Income and Debt Guidance document provides effective guidance that facilitates a standardised approach to the collection of income, whether for statutory or non-statutory services. The Guidance document also provides clear instructions on the recovery of collectable debt owed to the Council, and sets out the timescales for recovery of unpaid invoices. Sample testing confirmed that appropriate recovery action had been taken.</p> <p>As a result of the Covid-19 pandemic, the Council ceased the recovery of all outstanding debts (except for commercial waste invoices) between March 2020 and May 2021. We confirmed that officers considered the individual circumstances of customers during the pandemic, adjusting to the changing circumstances of, and restrictions associated with, each lockdown period.</p> <p>Our review of income performance information in Pentana showed that it had not been consistently updated in order to enable management monitoring and reporting of performance. In April 2022, the</p>	<p>Service plans, incorporating performance indicators with relevant owners, will be set following profiling of the Corporate Plan by the Performance and Strategy Team.</p> <p>Future underperformance will be reported to the Strategic Management Board as set out in the new Performance Management Framework currently being developed.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				<p>Council’s Strategic Management Board was presented with a revised Performance Management Framework. The proposed quarterly dashboard reports will enable a more straightforward assessment of performance against objectives. It will involve reporting on KPIs assessed as required for the Council and its relevant committees to consider or where performance is showing a decline.</p>	

## APPENDIX C: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

### Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

### Priorities for actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

## APPENDIX D: INTERNAL AUDIT - QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

### 1.0 Background

#### Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- ▲ the maintenance of a detailed audit procedures manual
- ▲ the requirement for all audit staff to conform to the Code of Ethics and Standards of Conduct Policy
- ▲ the requirement for all audit staff to complete annual declarations of interest
- ▲ detailed job descriptions and competency profiles for each internal audit post
- ▲ regular performance appraisals
- ▲ regular 1:2:1 meetings to monitor progress with audit engagements
- ▲ induction programmes, training plans and associated training activities
- ▲ attendance on relevant courses and access to e-learning material
- ▲ the maintenance of training records and training evaluation procedures
- ▲ membership of professional networks
- ▲ agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- ▲ the results of all audit testing and other associated work documented using the company's automated working paper system (Sword Audit Manager)
- ▲ file review by senior auditors and audit managers and sign-off at each stage of the audit process
- ▲ the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software)
- ▲ post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- ▲ performance against agreed quality targets monitored and reported to each client on a regular basis
- ▲ regular client liaison meetings to discuss progress, share information and evaluate performance

On an ongoing basis, samples of completed audit work are subject to internal peer review by a Quality Assurance group. The review process is designed to ensure audit work is completed consistently and to the required quality standards. The work of the Quality Assurance group is overseen by an Assistant Director. Any key learning points are shared with the relevant internal auditors

and audit managers. The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken where required (for example, increased supervision of individual internal auditors or further training).

### Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self-assessment checklist and obtain evidence to demonstrate conformance with the Code of Ethics and the Standards. As part of ongoing performance management arrangements, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment, professional networking, and ongoing quality assurance and performance management arrangements are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan, internal audit strategy action plan, and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board<sup>4</sup> as part of the annual report of the Head of Internal Audit.

### External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

## **2.0 Customer Satisfaction Survey 2022**

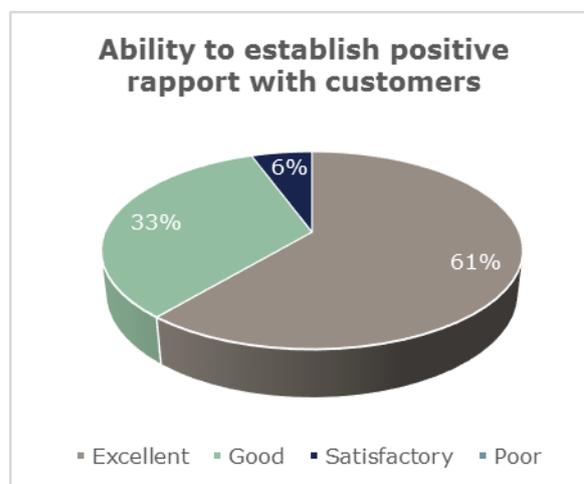
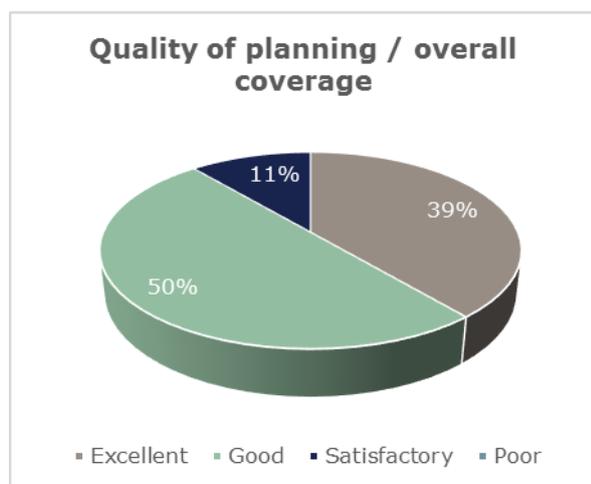
In March 2022 we asked clients for feedback on the overall quality of the internal audit service provided by Veritau. Where relevant, the survey also asked questions about counter fraud and information governance services. A total of 154 surveys (2021 – 165) were issued to senior managers in client

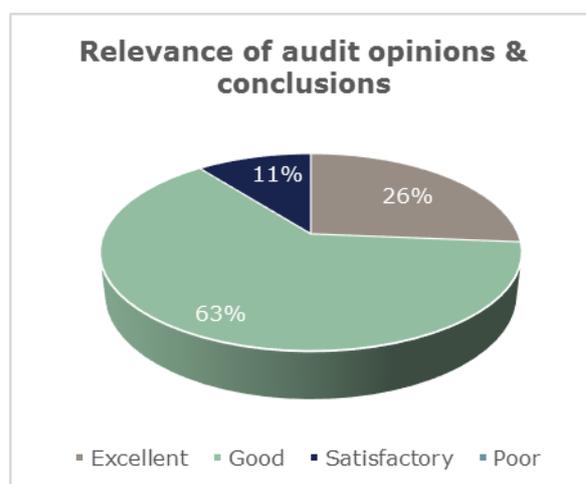
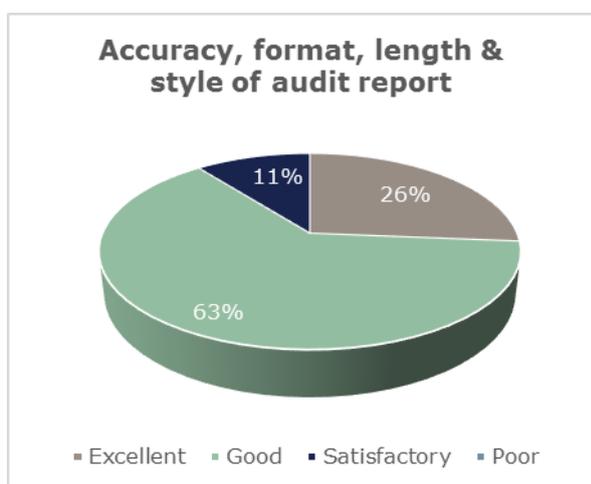
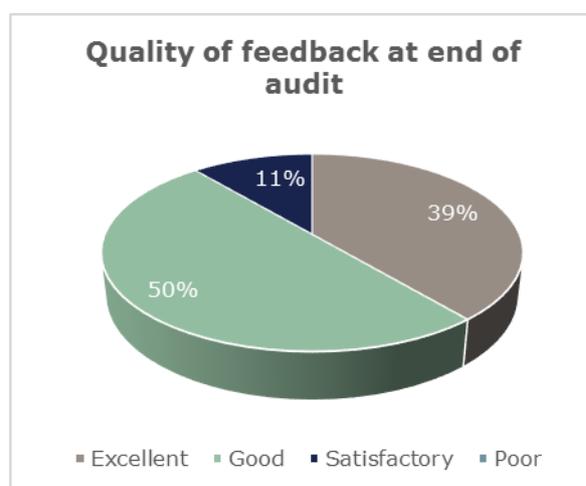
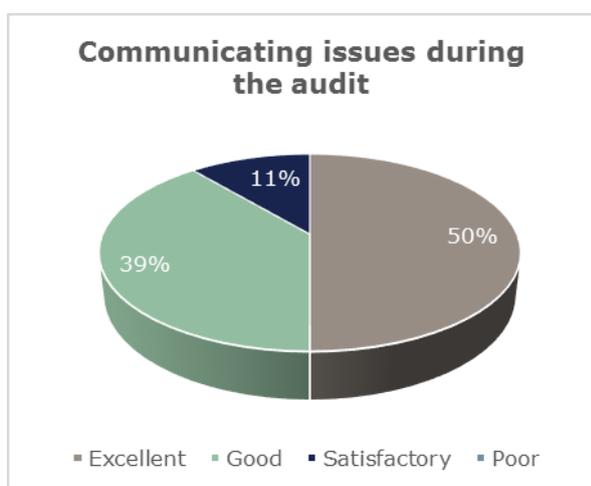
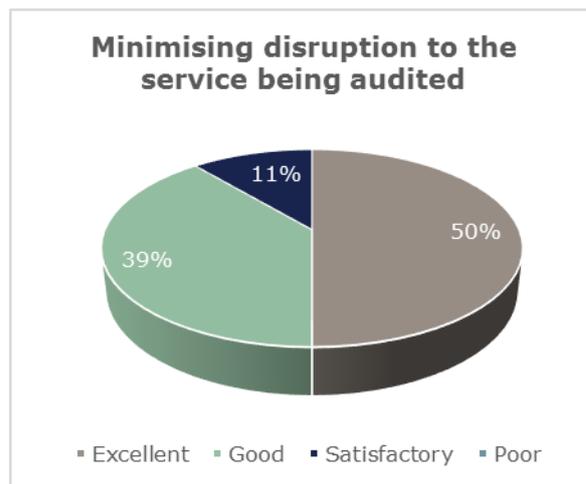
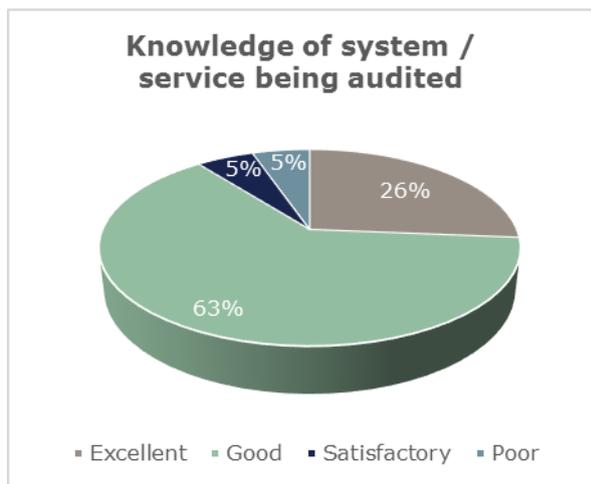
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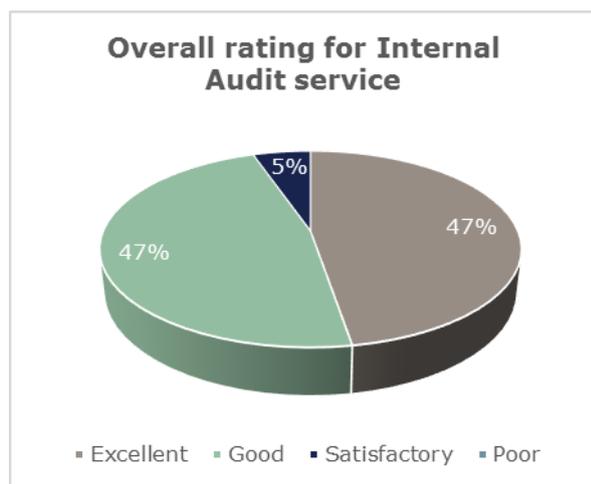
<sup>4</sup> As defined by the relevant audit charter.

organisations. A total of 19 responses were received representing a response rate of 12% (2021 – 12%). The surveys were sent using Smart Survey (an online survey tool) and the respondents were required to identify who they were. Respondents were asked to rate the different elements of the audit process as either excellent, good, satisfactory or poor.

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below. These are presented as percentages, for consistency with previous years. However, it is recognised that the low number of respondents means that the percentage for each category is sensitive to small changes in actual responses (1 respondent represents about 5%).







The overall ratings in 2022 were:

	2022		2021	
	Count	Percentage	Count	Percentage
Excellent	9	47%	11	58%
Good	9	47%	6	32%
Satisfactory	1	5%	0	0%
Poor	0	0%	2	11%

The feedback shows that the majority of respondents continue to value the service being delivered.

### 3.0 Self-Assessment Checklist 2022

CIPFA has prepared a detailed checklist to enable conformance with the PSIAS and the Local Government Application Note to be assessed. The checklist was originally completed in March 2014 and has since been reviewed and updated annually. Documentary evidence is provided where current working practices are considered to fully or partially conform to the standards. A comprehensive update of the checklist was undertaken in 2020, following revisions by CIPFA.

Current working practices are considered to be at standard. However, as in previous years there are a few areas of non-conformance. These areas are mostly as a result of Veritau being a shared service delivering internal audit to a number of clients as well as providing other related governance services. None of the issues identified are considered to be significant. Existing arrangements are considered appropriate for the circumstances and require no further action.

The following table shows areas of non-compliance. These remain largely unchanged from last year, although one area has been removed from the table. This related to whether risk based plans set out the respective priority of audit work. New flexible planning arrangements introduced mean that working practices now comply with the standards in this area.

Conformance with Standard	Current Position
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before the engagement was accepted?	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	An approach to using other sources of assurance, where appropriate is currently being developed (see below).

#### 4.0 External Assessment

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

An external assessment of Veritau internal audit working practices was last undertaken in November 2018 by the South West Audit Partnership (SWAP). SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau.

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed audit committee chairs.

A copy the external assessment report was reported to this committee on 24 January 2019.

The report concluded that Veritau internal audit activity generally conforms to the PSIAS<sup>5</sup> and, overall, the findings were very positive. The feedback included comments that the internal audit service was highly valued by its member councils and other clients, and that services had continued to improve since the last external assessment in 2014.

## 5.0 Improvement Action Plan

Overall, internal audit services provided by Veritau continue to meet the requirements of the Public Sector Internal Audit Standards. However, we recognise that the pace of change in local government and the wider public sector mean that we need to update aspects of the service to ensure it stays up to date and continues to deliver good value.

Between autumn 2020 and autumn 2021, Veritau undertook a fundamental review of internal audit practices. This resulted in the development of a new three year strategy which details how we will improve the internal audit service for our clients. The strategy sets out the actions we will be taking within Veritau to modernise our practices, from 2021 to 2024. The five key areas we are focussing on are:

- ▲ increasing engagement across all clients; to improve communication and ensure we understand what represents good value and where internal audit work should be focussed
- ▲ further development of strategic planning frameworks; focussing on further development of assurance mapping arrangements and other activities that help us ensure we provide assurance in the right areas at the right time
- ▲ redesign and modernisation of audit processes; to ensure we can respond quickly as priorities change, reduce time to deliver findings and manage resources efficiently
- ▲ increasing investment in high value data analytics work; shifting the focus of work towards a data driven model that provides wider assurance in real time
- ▲ introducing better measures of outcomes from audit work, to enable us to direct resources to areas of most value to our clients.

Strategy focus area 2 includes further development of assurance mapping arrangements. This is an outstanding issue from previous improvement plans. We are currently undertaking a pilot assurance mapping exercise in partnership with officers at one of our key clients. The lessons learnt from this will be used to further develop processes to be rolled out as part of our core internal audit service. Completion of actions in this area will further reduce the areas of non-conformance with the standards (section 3 above).

In the 2020/21 QAIP we reported on the findings from the last Quality Assurance Group review, focussed on the follow up of agreed actions. The findings have been finalised and a programme of work is underway to improve these processes. This includes updates to processes (including integration with client risk management systems where appropriate), a full review of all outstanding

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<sup>5</sup> PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

actions across all clients, and further training for all auditors. This work will be completed in 2022/23.

A further review by the group in 2021/22 focussed on the consistency of opinions given for individual audit assignments. This follows the adoption of a revised four level opinion framework introduced in 2020/21, in accordance with recommendations from Cipfa. It was found that in almost all cases the opinions given on completed work was consistent with the guidance contained in the Veritau audit manual, and supported by the number and priority of actions. Auditors continue to use the guidance and professional judgement when forming conclusions on individual pieces of work. We will feedback and discuss the wider findings as part of auditor training in 2022/23.

## **6.0 Overall Conformance with PSIAS** ***(Opinion of the Head of Internal Audit)***

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, 'generally conforms, 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that