

# NORTH YORKSHIRE COUNTY COUNCIL

## AUDIT COMMITTEE

27 JUNE 2022

### ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To provide a summary of the internal audit work performed during the year ended 31 March 2022 and to express an opinion on the overall framework of governance, risk management and control in place within the County Council.
- 1.2 To inform Members of Veritau's conformance to professional standards and the conclusions arising from the Quality Assurance and Improvement Programme (QAIP).

#### 2.0 BACKGROUND

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards and the County Council's Internal Audit Charter. The applicable standards for local government are the Public Sector Internal Audit Standards (PSIAS). These comply with the international standards issued by the global Institute of Internal Auditors (IIA). As well as providing a definition of internal auditing, the PSIAS detail the Code of Ethics for internal auditors and provide quality criteria against which performance can be evaluated. The latest version of the standards was published in April 2017. The Chartered Institute of Public Finance and Accountancy (CIPFA) has also issued further guidance in the form of an application note. The application note includes a checklist to assist internal audit practitioners to review and update working practices.
- 2.2 To comply with the Standards, the Audit Committee approved an Audit Charter which sets out the purpose, authority and responsibility of internal audit. The Audit Charter also defined certain elements of the internal audit framework including the 'board', 'senior management' and the 'chief audit executive', as follows:
  - 'Board' – was defined as the Audit Committee (given its responsibilities in relation to internal audit standards and activities);
  - 'Senior Management' – was defined as the Corporate Director - Strategic Resources in his role as s151 officer. In addition, senior management may also refer to the Management Board or the Chief Executive and/or any other Corporate Director;
  - 'Chief audit executive' – was defined as the Head of Internal Audit (Veritau).
- 2.3 The Audit Charter is reviewed on an annual basis and any proposed changes are brought to the Audit Committee. The Charter was last updated in October 2019. No further changes are considered necessary at this time.

- 2.4 In accordance with the Standards, the Head of Internal Audit is required to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control operating within the County Council. The Head of Internal Audit should also contribute to the preparation of the Annual Governance Statement by identifying any significant control issues identified during the course of audit work, and report any material breaches of the County Council's Finance, Contract and Property Procedure Rules to the Audit Committee.
- 2.5 The Head of Internal Audit is also 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 the required professional standards. The results of the QAIP should be reported to senior management and the Audit Committee along with any areas of non-conformance with the Standards. 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).
- 2.6 In addition, a formal external assessment 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>.
- 2.7 The results of customer feedback and the self-assessment 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 and/or individual personal development action plans.

### 3.0 **ANNUAL REPORT OF THE HEAD OF INTERNAL AUDIT**

- 3.1 The annual report of the Head of Internal Audit is attached at **appendix 1**. The report includes details of the internal audit work completed during 2021/22, the annual opinion of the Head of Internal Audit and the results of the Quality Assurance and Improvement Programme.
- 3.2 In addition to the annual opinion the Head of Internal Audit is required to provide:
- (a) details of any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)

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<sup>1</sup> Reported to the Audit Committee in March 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.

- (b) details of 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.

3.2 As well as completing internal audit work Veritau has also provided a counter fraud service to the County Council. This has included the maintenance of policies, risk assessments, fraud prevention and detection measures, fraud awareness training and the investigation of suspected fraud. Further details of this work are provided in the annual counter fraud report for 2021/22 which is a separate item on this agenda.

#### 4.0 **BREACHES OF FINANCE, CONTRACT AND PROPERTY PROCEDURE RULES**

4.1 As in previous years, breaches of Finance, Contract and Property procedures rules are identified through ongoing internal audit work.

4.2 Where breaches are identified, it is usually sufficient to draw the matter to the attention of management for the appropriate remedial action to be taken. If a wider training need is identified this will be addressed accordingly. Finally in those cases where the breach identifies a fundamental weakness/deficiency in the relevant Procedure Rule this will be addressed separately as part of the ongoing review process for all the County Council's Procedure Rules.

4.3 There were no material breaches of the Procedure Rules identified during the year although a number of issues were raised with management through the normal audit reporting process.

#### 5.0 **RECOMMENDATIONS**

5.1 Members are asked to note:-

- (i) the **Substantial Assurance** opinion of the Head of Internal Audit regarding the overall framework of governance, risk management and control operating within the County Council as set out in appendix 1
- (ii) the significant control issue which is recommended for inclusion in the 2021/22 Annual Governance Statement
- (iii) the outcome of the quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards

MAX THOMAS  
Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector  
County Hall  
Northallerton

14 June 2022






# ANNUAL HEAD OF INTERNAL AUDIT REPORT

27 June 2022

Appendix 1



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Max Thomas  
Head of Internal Audit



Ian Morton  
Assistant Director- Audit  
Assurance



Stuart Cutts  
Assistant Director- Audit  
Assurance



## BACKGROUND

- 1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the County Council's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit Committee. The report must include an opinion on the adequacy and effectiveness of the County 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 County 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. Since then significant (and increasing) resource has been redirected to the preparations for Local Government Reorganisation (LGR).
- 3 The 2021/22 internal audit work programme was formally agreed by the Audit Committee on 26 June 2021. Work in the early part of 2021/22 focussed mainly on finalising audits relating to the previous year. During the remainder of the year audit 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.
- 4 We have also continued to promote good governance, provide advice and make recommendations to management to help improve controls. Auditors meet with the s151 Officer, Monitoring Officer and other senior officers on a regular basis to help identify and address key governance issues and concerns.
- 5 The results of completed audit work have been reported to the relevant managers, the Corporate Director – Strategic Resources and the Audit Committee. Audit findings relating to 2021/22, which have not yet been reported to this Committee, will be presented in due course as part of the agreed Audit Committee programme of work.
- 6 A summary of the internal audit reports issued during the year is contained in **annex A**. At the time of writing, a further 5 audit reports have been issued but remain in draft. Other work is continuing with a number of other audits close to draft report stage.



- 7 **Annex B** sets out our current definitions for each assurance level and the priorities for management action.



## FOLLOW UP OF AGREED ACTIONS

- 8 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 satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits. Where further assurances are required 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

- 9 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 Audit 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)
- 10 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>.
- 11 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 prepared by Veritau are given in **annex C**.
- 12 The Internal Audit Charter sets out how internal audit at the County Council will be provided in accordance with the PSIAS. The Charter is reviewed on

<sup>1</sup> Reported to the Audit Committee in March 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.

an annual basis and any proposed changes are brought to the Audit Committee for consideration. No changes are proposed at this time.



## OPINION OF THE HEAD OF INTERNAL AUDIT

- 13 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the County Council is that it provides **Substantial Assurance**. No reliance was placed on the work of other assurance bodies in reaching this opinion.
- 14 The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. 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.
- 15 Members attention is also drawn to the following significant control issue which is considered relevant to the preparation of the 2021/22 Annual Governance Statement:

### Information security

Further improvements are still required to ensure compliance with the Council's data protection policies. Ongoing work has identified continuing poor practice with the handling of documents and information security. There have also been a number of serious data security breaches in the year, including 9 incidents that have required reporting to the Information Commissioner's Office.

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

### Final reports issued

<b>Audit / Activity</b>	<b>Month</b>	<b>Assurance Level</b>
North Yorkshire Highways - Opening Balances	June 2021	No opinion given
Developing Stronger Families June 2021 return	June 2021	No opinion given
Review of the new Contract and Procurement arrangements	June 2021	No opinion given
Schools Admissions and Appeals	August 2021	Substantial Assurance
Creditors	September 2021	Substantial Assurance
Schools Themed Audits - Other	September 2021	Reasonable Assurance
Schools Themed Audits - Payroll	September 2021	Substantial Assurance
Schools Themed Audits - Changed Payment Processes	September 2021	Reasonable Assurance
Developing Stronger Families September 2021 return	September 2021	No opinion given
Pension Fund Income	September 2021	Substantial Assurance
Countryside Services – follow up	October 2021	No opinion given
Domiciliary Care Payments and Contract Management - Royal Mencap Society	October 2021	Limited Assurance
Continuing Healthcare	October 2021	Reasonable Assurance
Server Administration and Security	October 2021	Substantial Assurance
Pension Fund Investments	October 2021	Substantial Assurance
Carlton Endowed School	November 2021	No opinion given
Firewalls	November 2021	Substantial Assurance
Main Accounting System	December 2021	Substantial Assurance
Early Years	December 2021	No opinion given

<b>Audit / Activity</b>	<b>Month</b>	<b>Assurance Level</b>
Brompton Hall School	December 2021	No opinion given
Developing Stronger Families September 2021 return	December 2021	No opinion given
Deferred Payments	March 2022	Reasonable Assurance
Visits to Care Providers - Wilf Ward Pickering	March 2022	No opinion given
Registration Services	May 2022	Reasonable Assurance
Payroll	May 2022	Substantial Assurance
ICT Capacity Management	June 2022	Substantial Assurance
Harrogate Day Services	June 2022	No opinion given

### **Audits in progress**

<b>Audit</b>	<b>Status</b>	<b>Assurance Level</b>
Hutton Rudby School	Draft Report	Limited Assurance
Learning Disability and Autism	Draft Report	Reasonable Assurance
Symology	Draft Report	Limited Assurance
Visit to Care Providers – The Lodge, Scarborough	Draft Report	Limited Assurance
ICT cyber readiness	Draft Report	Substantial Assurance
Transitions - Children to Adult social care	Work in Progress	-
Risk Management	Work in Progress	-
Schools Themed Audit - SFVS	Work in Progress	-
Schools Themed Audit - Lettings	Work in Progress	-
Ripley Beckwithshaw Kettleling Federation	Work in Progress	-
East Ayton School	Work in Progress	-
Responsive Works	Work in Progress	-
Pension Fund IT Security	Work in Progress	-
Pension Fund Investments	Work 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 of various government grants
- Support and advice
- Preparation of key internal audit findings summary for the LGR programme, on behalf of the Council

## ANNEX B: 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.

## ANNEX C: 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>3</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

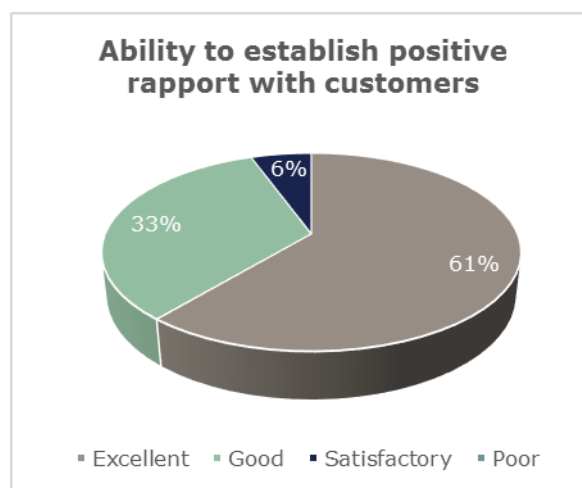
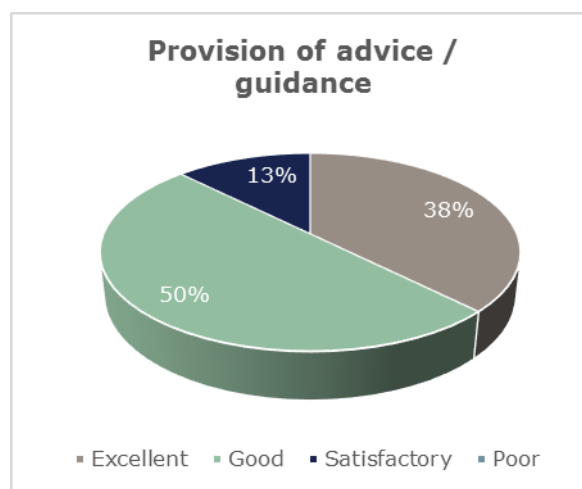
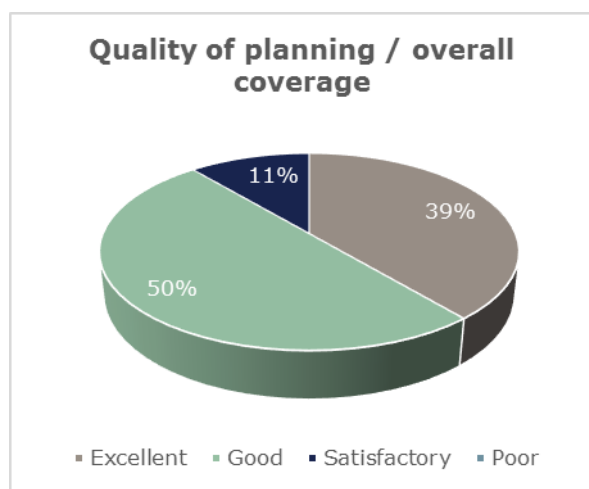
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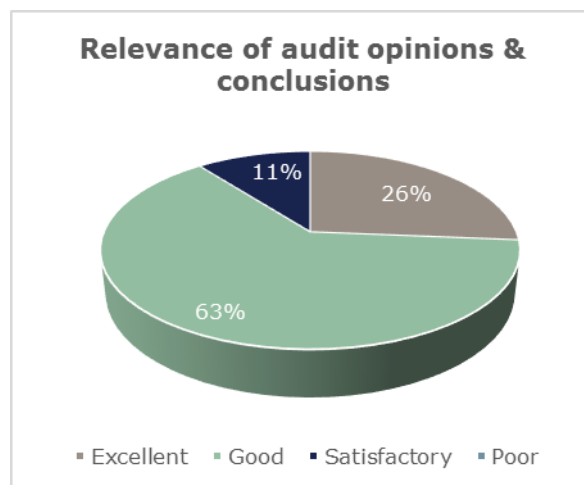
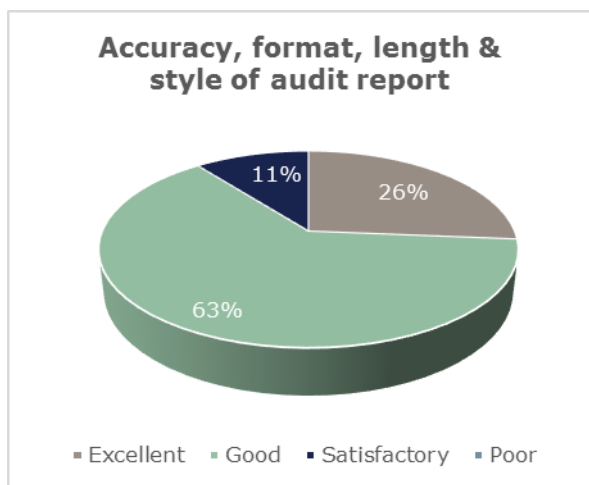
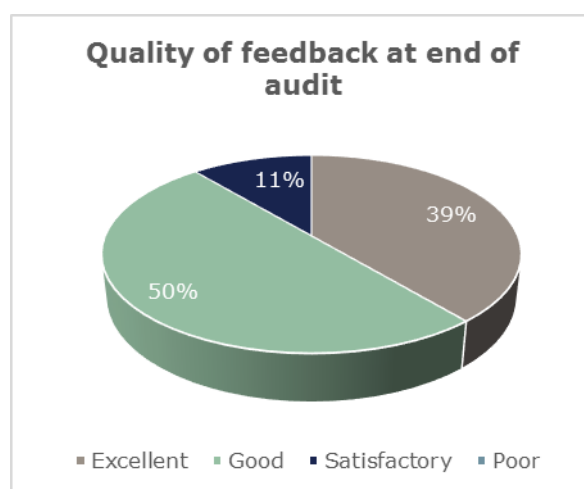
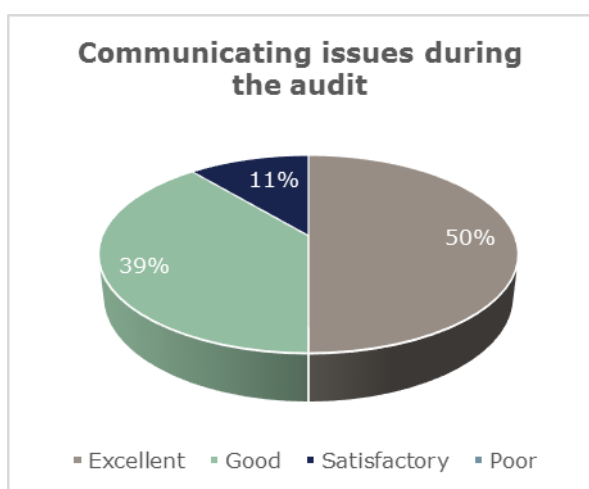
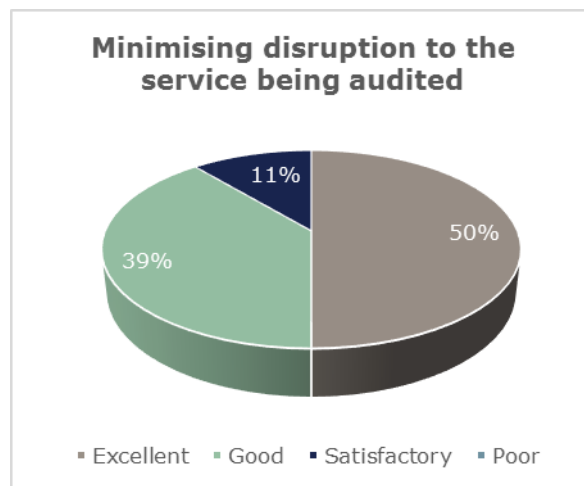
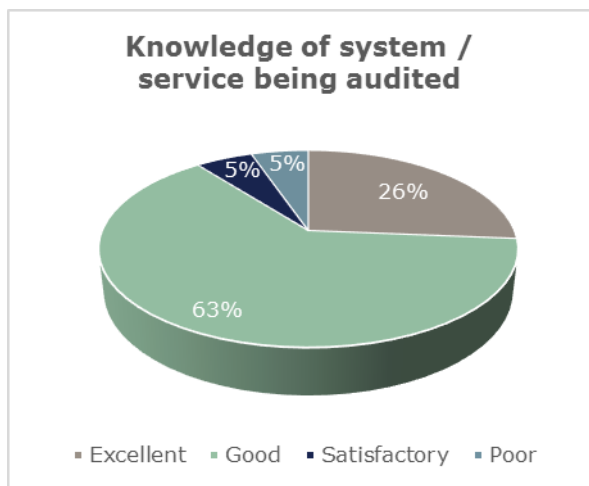
<sup>3</sup> As defined by the relevant audit charter.

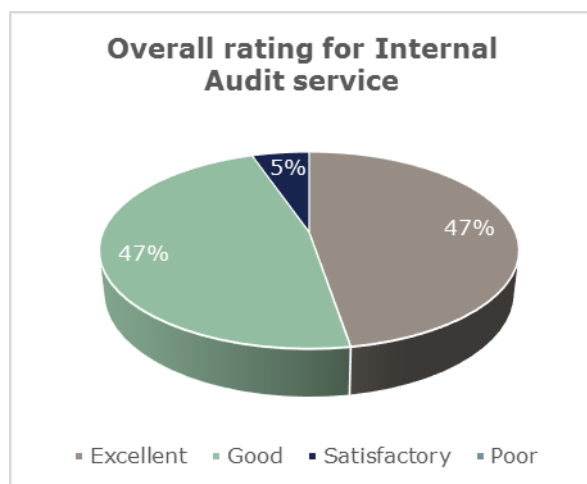


154 surveys (2021 – 165) were issued to senior managers in client organisations. A total of 19 responses were received representing a response rate of 12% (2021 – 12%). The surveys were sent using Smart Survey (an online survey tool) and the respondents were required to identify who they were. Respondents 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:

	<b>2022</b>		<b>2021</b>	
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 7/3/2019.

The report concluded that Veritau internal audit activity generally conforms to the PSIAS<sup>4</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>4</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 are judged to be in conformance to the Standards.