

central midlands audit partnership

South Derbyshire DC – Internal Audit Annual Report 2019-20

Audit Sub-Committee: 29th July 2020



South Derbyshire
District Council



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Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

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Providing Excellent Audit Services in the Public Sector

Introduction

Why an Audit Opinion is required

The Public Sector Internal Audit Standards (PSIAS) states:

Public sector requirement

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

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

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Extracted from Public Sector Internal Audit Standards Updated March 2017 - 2450 Overall Opinions

In this instance, the Chief Audit Executive is Adrian Manifold, Audit Manager.

With regard to overall opinions, CIPFA's Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards 2019 Edition (issued February 2019) also states:

"The Public Sector Requirement in PSIAS 2450 requires that the Chief Audit Executive must provide an annual report to the board timed to support the annual governance statement. This must include:

- an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework – i.e. the control environment*
- a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance providers)*
- a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme.*

In local government, the annual opinion should be guided by the CIPFA Framework Delivering Good Governance in Local Government.

The annual report should also include:

- disclosure of any qualifications to that opinion, together with the reasons for the qualification*
- disclosure of any impairments ('in fact or appearance') or restriction in scope*
- a comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets*
- any issues the Chief Audit Executive judges particularly relevant to the preparation of the annual governance statement*
- progress against any improvement plans resulting from QAIP external assessment.*

In the context of the PSIAS, 'opinion' means that internal audit will have done sufficient, evidenced work to form a supportable conclusion about the activity that it has examined. Internal audit will word its opinion appropriately if it cannot give reasonable assurance (e.g. because of limitations to the scope of, or adverse findings arising from, its work)."

How an Audit Opinion is Formed

Internal Audit's risk-based plan must take into account the requirement to produce an annual internal audit opinion. Accordingly, the Audit Plan must incorporate sufficient work to enable the Audit Manager to give an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Internal Audit must therefore have sufficient resources to deliver the Audit Plan.



Possible Overall Opinions

The Audit Manager's opinion relative to the organisation as a whole could fall into one of the following 3 categories:

- **Inadequate System of Governance, Risk, Internal Control** – Findings indicate significant weaknesses and the need for urgent remedial action. Where corrective action has not yet started, the current remedial action is not, at the time of the audit, sufficient or sufficiently progressing to address the severity of the control weaknesses identified.
- **Adequate System of Governance, Risk, Internal Control Subject to Reservations** – A number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a satisfactory audit opinion to be given.
- **Satisfactory System of Governance, Risk, Internal Control** - Findings indicate that on the whole, arrangements are satisfactory, although some enhancements may have been recommended.

Quality Assurance and Improvement Programme

A quality assurance and improvement programme is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

Public Sector Internal Audit Standards state:

Public sector requirement

The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

Extracted from Public Sector Internal Audit Standards Updated March 2017 - 1320 Reporting on the Quality Assurance and Improvement Programme

Public Sector Internal Audit Standard 1312 also requires that:

"External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation."

Assessments are based on the following 3 ratings:

- **Generally Conforms** - means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards.
- **Partially Conforms** - means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
- **Does Not Conform** - means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

An external quality assessment of the internal auditing activities of CMAP was undertaken during the period February – April 2017 and identified some opportunities for further improvement and development. The consultant provided an update position on our overall conformance with the Standards in September 2017 and was content to re-assess our conformance as follows:

	Number of standards	Generally Conforms	Partially Conforms	Does Not Conform
Code of Ethics	4	4	0	0
Attribute Standards	19	19	0	0
Performance Standards	33	33	0	0

As required, we have also undertaken a self-assessment against the Standards in January 2020 using the tool specifically developed by the Institute of Internal Auditors (IIA) for this purpose.

We have determined that CMAP **Generally Conforms** ' to the Standards. 'Generally Conforms' means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

As such, the CMAP has identified a number of actions for improvement some of which are listed in the [Improvement Plan](#) section at the end of this report.

Audit Opinion 2019-20

Based on the work undertaken during the year, I have reached the overall opinion that there is a **Satisfactory System of Governance, Risk, Internal Control** - Findings indicate that on the whole, arrangements are satisfactory, although some enhancements may have been recommended.

In forming this opinion, I am satisfied that no conflicts of interest have occurred which would have any bearing on my independence or objectivity. Also, my organisational independence and objectivity has not been subject to any impairment in fact or appearance; nor has the scope of our work been restricted in any way.

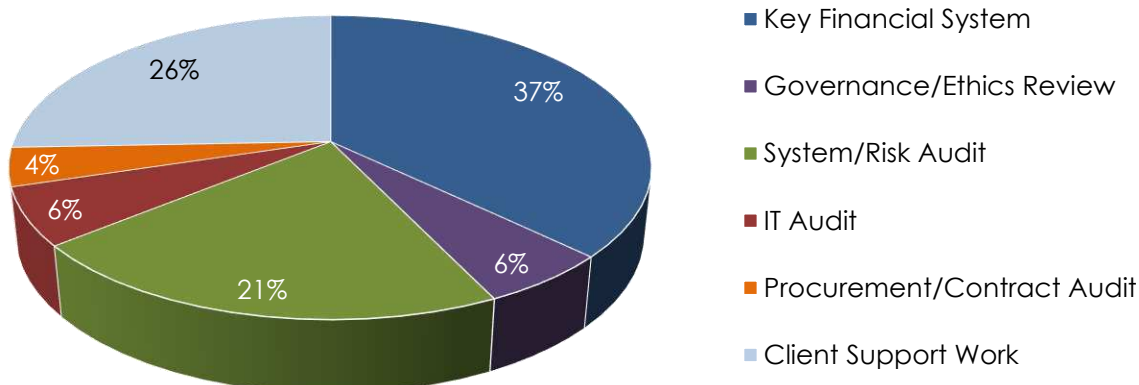
I have arrived at this opinion having regard to the following:

- The level of coverage provided by Internal Audit was considered adequate.
Note: The completion of the key areas of 2019-20 audit work was not disrupted by the COVID-19 pandemic. Those audit reviews that were an essential component to inform the annual opinion were either completed or sufficiently completed to enable the overall opinion to be determined.
- Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the organisation's control environment is operating effectively.
- The changing risk environment within the Council has been taken into account during the 2019-20 financial year.

Note: The impact of the COVID-19 pandemic is on the 2020-21 governance, risk and control environment. This will be reflected in the 2020-21 internal audit plan which will be reviewed on an on-going basis to reflect the risks faced by the Council. Our organisational independence and objectivity has not been subject to any impairment in fact or appearance; nor has the scope of our work been restricted in any way.

- Our insight gained from our interactions with Senior Management and the Audit Sub-Committee.
- No adverse implications for the Authority's Annual Governance Statement have been identified from any of the work that Internal Audit has undertaken in 2019-20.
- The 2019-20 Internal audit plan, approved by the Audit Sub-Committee, 20th March 2019, was informed by internal audits own assessment of risk and materiality in addition to consultation with senior management to ensure it aligned to the organisation's key risks and objectives.
- The following tables summarise the 2019-20 Audit Plan assignments and their outcomes as well as those assignments from the 2018-19 Audit Plan which were still ongoing in 2019-20.

Audit Plan 2019-20 per Type of Audit



2019-20 Jobs	Status	% Complete	Assurance Rating
Management of Novus Contract	Final Report	100%	Comprehensive
Procurement of Rosliston Contract 2019-20	Draft Report	95%	Reasonable *
Main Accounting System 2019-20	Final Report	100%	Comprehensive
Treasury Management 2019-20	Final Report	100%	Reasonable
Banking Services 2019-20	Final Report	100%	Comprehensive
Payroll 2019-20	Fieldwork Complete	80%	
Officers Expenses & Allowances 2019-20	Final Report	100%	Comprehensive
Creditors 2019-20	Final Report	100%	Comprehensive
Fixed Assets 2019-20	Final Report	100%	Comprehensive
Revenues Systems 2019-20	In Progress	65%	
Cashiering 2019-20	Final Report	100%	Comprehensive
Housing Benefit & Council Tax Support 2019-20	In Progress	70%	
Anti-Fraud & Corruption 2019-20	In Progress	50%	
ICT Key Controls	Draft Report	95%	Reasonable*
Mobile Phones	Final Report	100%	Limited
Project Management	Cancelled †		
Business Change & Transformation	Fieldwork Complete	90%	Comprehensive*
Data Quality & Perf. Mgmt 2019-20	Final Report	100%	Reasonable
Rent Accounting 2019-20	Final Report	100%	Reasonable
Former Tenants Arrears 2019-20	Final Report	100%	Reasonable
Council House Sales - Right To Buy 2019-20	Final Report	100%	Limited
Grounds Maintenance	Draft Report	95%	Reasonable *
Improvement Grants	Final Report	100%	Reasonable
Bereavement Services 2019-20	Draft Report	95%	Reasonable *
Economic Development 2019-20	Cancelled †		

* Assurance ratings yet to be finalised

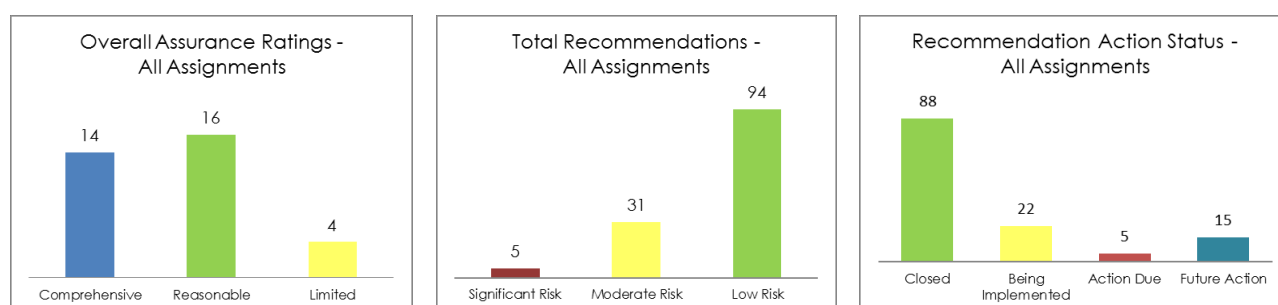
† Not considered essential to form an Audit Opinion

2018-19 Jobs B/fwd	Status	% Complete	Assurance Rating
Information Governance	Final Report	100%	Reasonable
Capital Programme	Final Report	100%	Comprehensive
Payroll 2018-19	Final Report	100%	Reasonable

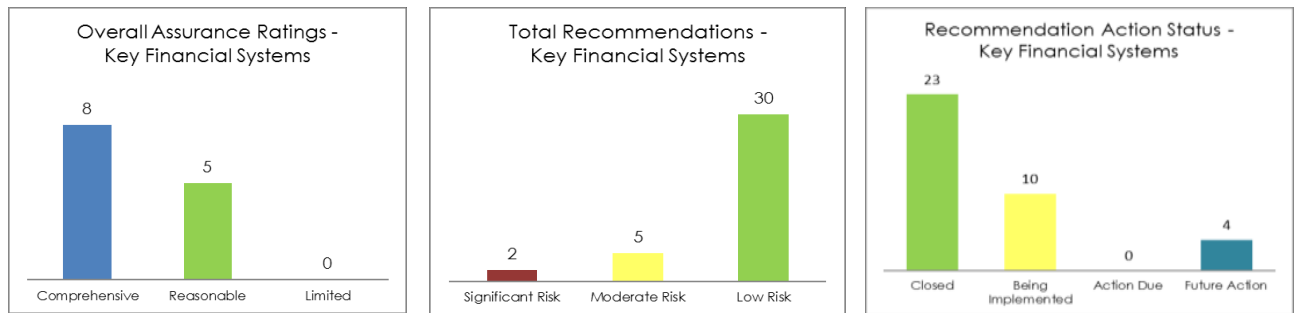
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Creditors 2018-19	Final Report	100%	Reasonable
Revenue Systems 2018-19	Final Report	100%	Comprehensive
Housing Benefit & Council Tax Support 2018-19	Final Report	100%	Comprehensive
File Server Security	Final Report	100%	Reasonable
Development Management	Final Report	100%	Reasonable
Food Safety 2018-19	Final Report	100%	Reasonable
Active Communities & Health	Final Report	100%	Comprehensive
Rosliston Forestry Centre	Final Report	100%	Comprehensive
Maintenance of Public Buildings	Final Report	100%	Limited
Housing Safety Inspections	Final Report	100%	Limited
Community Safety Partnership 2018-19	Final Report	100%	Comprehensive
Corporate Governance 2018-19	Final Report	100%	Reasonable

- Of the 34 substantially completed assignments, 30 attracted either a 'Comprehensive' or 'Reasonable' assurance rating. Four Audit assignments were given a 'Limited' assurance rating. From the completed assignments a total of 130 recommendations were made; 94 of these were considered to present a low risk; 31 were considered to present a moderate risk; with the remaining 5 presenting a significant risk; no critical risk recommendations were made.



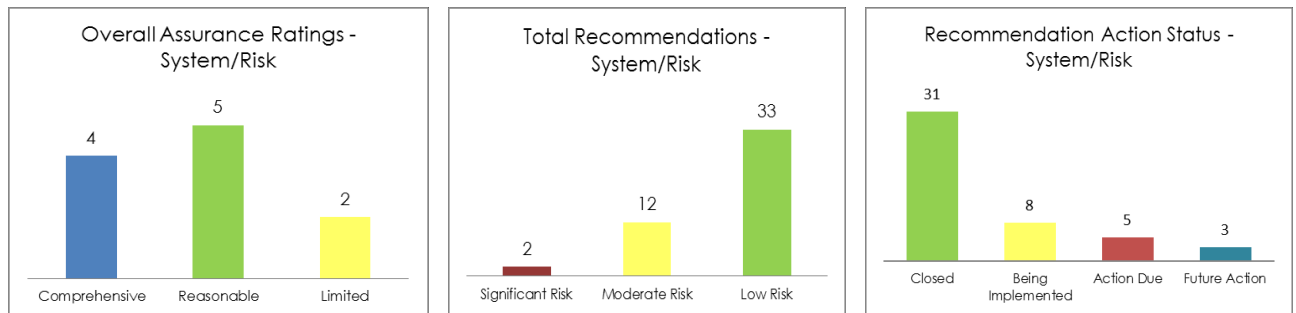
- Of the 16 **Key Financial System** audits undertaken in 2019-20, 13 were finalised and attracted either a Comprehensive or Reasonable overall assurance rating. The 3 remaining were not yet sufficiently complete to determine an overall assurance rating. These finalised audit assignments identified 37 recommendations, 30 of which were classified as low risk; 5 were a moderate risk and 2 were considered a significant risk. Both **significant risk** recommendations arising from the Payroll and Creditors audits were implemented to our satisfaction. Two of the 5 moderate risks, again relating to Payroll and Creditors, have also been implemented. Of the 3 remaining moderate risk recommendations one relates to Rent Accounting and it has passed its original action date and management have suggested another action date that has also recently passed. Another relates to Payroll and the original action date has passed and the revised action date has now been set for 1st April 2021 as the Council has made a decision to move its Payroll Service to a shared service arrangement. The remaining moderate risk recommendation relates to Treasury Management and an action date has been agreed that is in the future.



- Of the 11 **System/Risk** audits undertaken in 2019-20, 8 were finalised. Three of which attracted a Comprehensive assurance rating, another 3 a Reasonable overall assurance rating and following 2 audits attracted a '**Limited**' rating:
 - The **Council House Sales: Right To Buy** audit attracted a Limited rating due to the identification of 1 significant risk issue, 5 moderate risk issues and 1 low risk issue. The **significant risk** issue regarding the insufficient consideration of the potential for fraud throughout the Right To Buy process has since been addressed to our satisfaction, as have another 2 moderate risk issues and the low risk issue. The 3 remaining moderate risk recommendations have all been given revised target dates for implementation.
 - The **Housing Safety Inspections** audit attracted a Limited rating due to the identification of 1 significant risk issue, 5 moderate risk issues and 8 low risk issues. The **significant risk** issue regarding the implementation of action points identified in Fire Risk Assessments dating back to 2016 and 2017 have now been addressed to our satisfaction, as have another 4 moderate risk issues and 5 low risk issues. The remaining 4 outstanding recommendations have all been given revised target dates.

Of the remaining 5 audits, 3 were substantially completed; 2 of which have been provisionally given a Reasonable overall assurance rating and one a Comprehensive rating. Of the 2 remaining assignments, in light of the restrictions Covid-19 has placed on our operations, the decision has been taken to cancel both audits as they were insufficiently progressed to reach a conclusion and were not considered essential to my overall opinion.

From the 8 audits finalised, a total of 47 recommendations were made; 2 of which were considered to present a significant risk; 12 of which were considered to present a moderate risk; the remaining 33 were judged as low risk. As mentioned above both significant risk recommendations have since been implemented. Also, 7 of the 12 moderate risk recommendation have been implemented; of the 5 remaining, 4 relate to the limited assurance audits mentioned above and the other came from the Improvement Grants audit and has a future action date.

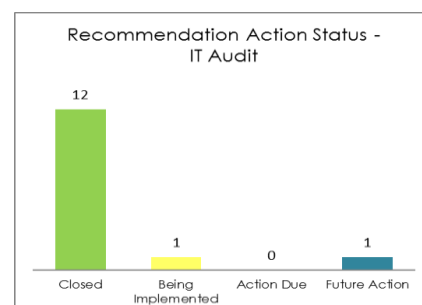
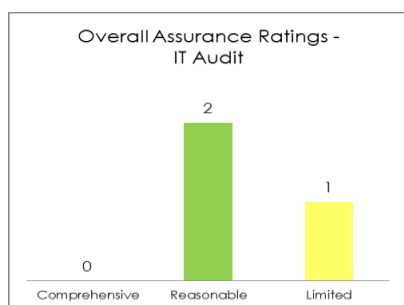


- All 3 **Governance/Ethics** audits undertaken during 2019-20 have been finalised and attracted an overall assurance rating of Reasonable. These 3 audits produced 21 recommendations; 3 of which were considered to represent a moderate risk, the rest being a low risk. All 3 of these moderate risk recommendations have now been implemented.

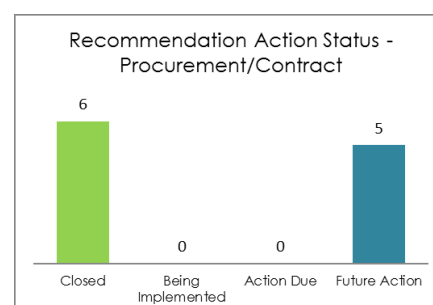
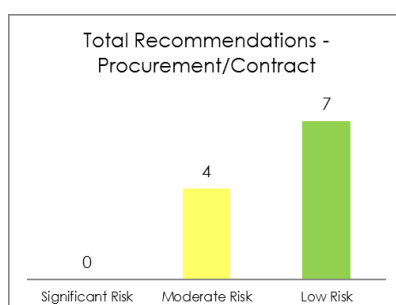
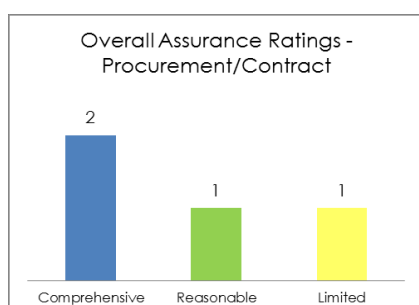


- Of the 3 **IT Audits**, 2 were completed during 2019-20. The Mobile Phone audit attracted an overall assurance rating of '**Limited**' as it contained 1 significant risk recommendation and 4 moderate risk recommendations. The File Server Security audit attracted a 'Reasonable' rating as it contained 3 moderate risk recommendations and 5 low risk issues. The ICT Key Controls audit is substantially completed and is likely to attract a 'Reasonable' assurance rating, but a moderate risk issue had already been raised in order to give management the opportunity to resolve the issue before the end of the audit, which has now happened.

In all, these audits raised 14 recommendations; 1 of which was considered a significant risk; 7 were considered a moderate risk and the remaining 6 were considered to represent a low risk. The **significant risk** was regarding contractual and technical safeguards not being in operation for mobile phone devices issued to employees, which has now been addressed to our satisfaction. Of the 7 moderate risks, 4 have now been resolved to our satisfaction, 1 has a future action date and 1 has passed its original action date and management have suggested another action date in the future. The moderate risk relating to the ICT Key Controls audit has passed its original action date, but as yet we have not been able to establish any progress information from management.



- Of the 4 **Procurement/Contract** audits, 3 were finalised and the ongoing Procurement of the Rosliston Contract assignment was substantially complete and was provisionally attracting a 'Reasonable' rating. The Capital Programme audit attracted an overall assurance rating of 'Comprehensive'; the Management of the Novus Contract was also considered 'Comprehensive', whereas the Maintenance of Public Buildings audit attracted an overall rating of '**Limited**' as it contained 4 moderate risk recommendations and another 5 considered a low risk. The 3 finalised audits resulted in 11 recommendations, 4 moderate risk and 7 low risk. Of the 4 moderate risks, 1 has been addressed to our satisfaction whereas the other 3 have future action dates. Only 2 of the low risk recommendations are still to be addressed.



This opinion is provided with the following caveats:

- The opinion does not imply that Internal Audit has reviewed all risks, controls and governance arrangements relating to the Council. The opinion is substantially derived from the conduct of risk-based audit work and as such, it is only one component that is taken into account when producing the Council's Annual Governance Statement.
- No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- Full implementation of all agreed actions is essential if the benefits of the control improvements detailed in each individual audit report are to be realised.

Audit Coverage

Assurances Provided

The following table seeks to summarise the extent of audit coverage provided to South Derbyshire District Council during 2019-20 and the assurance ratings associated with each audit assignment.

Summary of Audit Plan 2019-20 Results (incl. Jobs B/Fwd)	Type of Review						Totals
	Key Financial System	System/ Risk	Governance /Ethics	IT Audit	Anti- Fraud	Procurement /Contract	
Not Yet Complete	3				1		4
Comprehensive	8	4				2	14
Reasonable	5	5	3	2		1	16
Limited		2		1		1	4
None							
N/A							
	16	11	3	3	1	4	38

Assurance Ratings Explained

Comprehensive - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

Reasonable - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

Limited - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

None - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

N/A – The type of work undertaken did not allow us to reach a conclusion on the adequacy of the overall level of internal control.

These assurance ratings are determined using our bespoke modelling technique which takes into account the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks.

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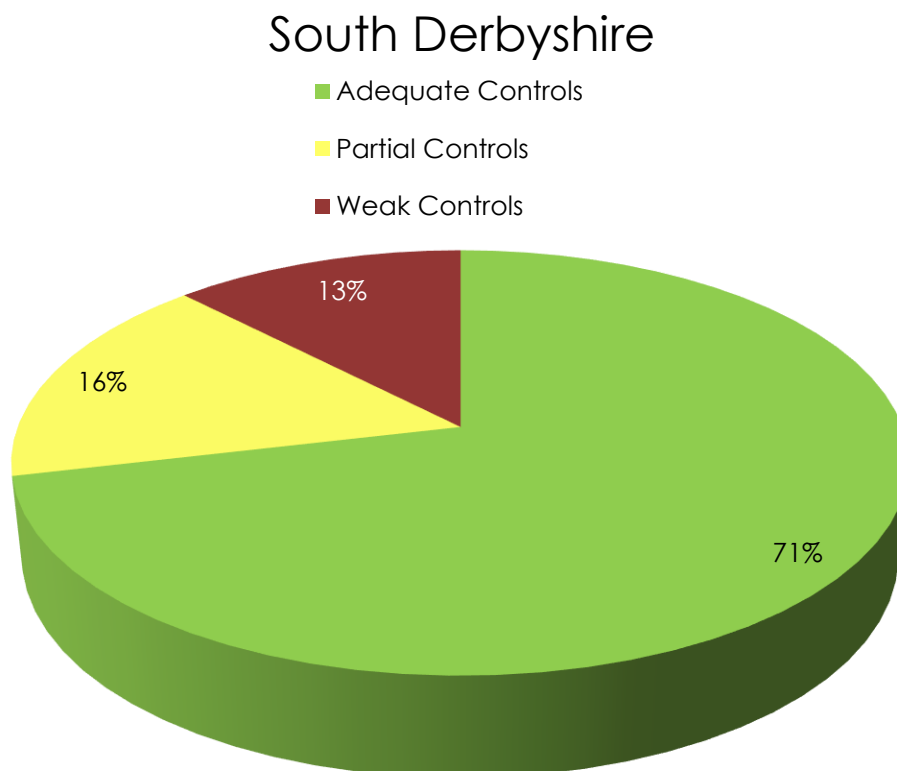
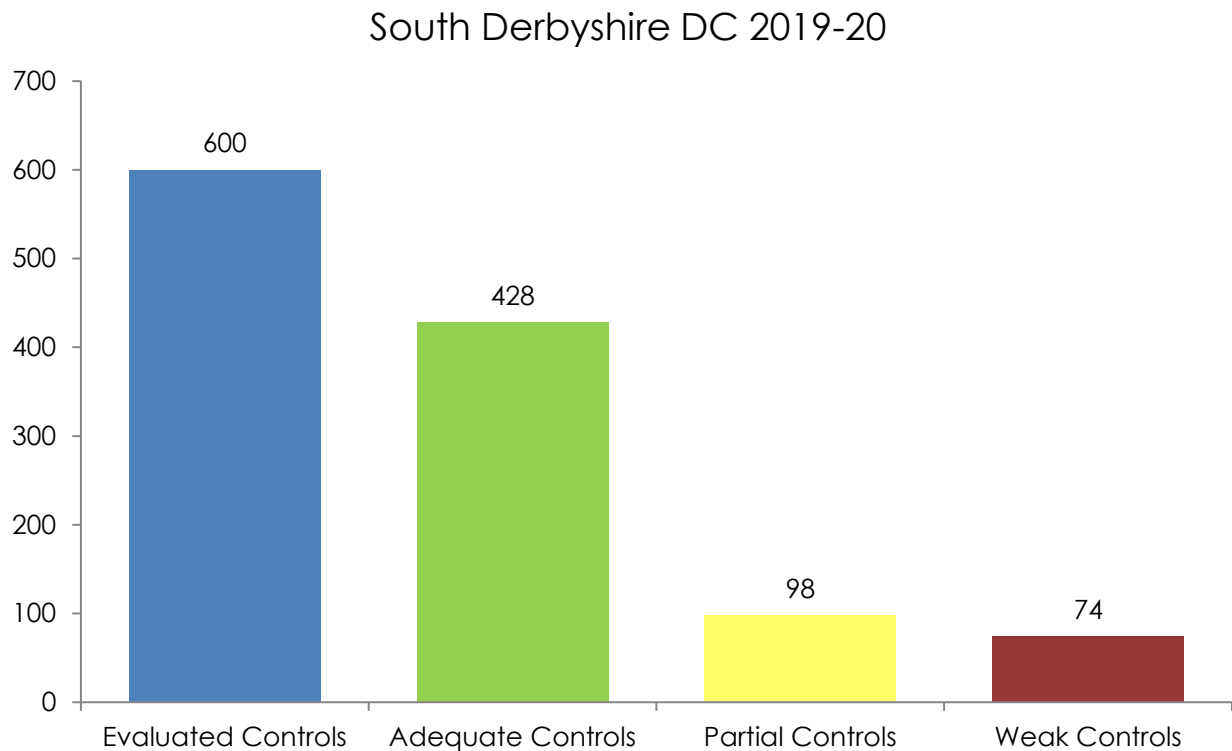
Audit Plan Assignments 2019-20

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Main Accounting System 2019-20	Comprehensive					n/a
Treasury Management 2019-20	Reasonable			1	3	50%
Banking Services 2019-20	Comprehensive				1	100%
Payroll 2019-20						n/a
Officers Expenses & Allowances 2019-20	Comprehensive				2	50%
Creditors 2019-20	Comprehensive				3	67%
Fixed Assets 2019-20	Comprehensive				1	0%
Revenues Systems 2019-20						n/a
Cashiering 2019-20	Comprehensive					n/a
Housing Benefit & Council Tax Support 2019-20						n/a
Rent Accounting 2019-20	Reasonable			1	3	100%
Former Tenants Arrears 2019-20	Reasonable				6	83%
Payroll 2018-19	Reasonable		1	2	1	75%
Creditors 2018-19	Reasonable		1	1	4	83%
Revenue Systems 2018-19	Comprehensive				4	25%
Housing Benefit & Council Tax Support 2018-19	Comprehensive				2	50%
Business Change & Transformation	Comprehensive*					n/a
Council House Sales - Right To Buy 2019-20	Limited		1	5	1	71%
Grounds Maintenance	Reasonable *					n/a
Improvement Grants 2019-20	Reasonable			1	8	22%
Bereavement Services 2019-20	Reasonable *					n/a
Development Management 2018-19	Reasonable				5	60%
Food Safety 2018-19	Reasonable			1	3	100%
Active Communities & Health	Comprehensive				1	0%
Rosliston Forestry Centre 2018-19	Comprehensive				3	100%
Housing Safety Inspections	Limited		1	5	8	79%
Community Safety Partnership 2018-19	Comprehensive				4	75%
Data Quality & Perf. Mgmt 2019-20	Reasonable			1	6	57%
Information Governance	Reasonable			1	7	88%
Corporate Governance 2018-19	Reasonable			1	5	83%
ICT Key Controls	Reasonable*			1		100%
Mobile Phones	Limited		1	4		60%
File Server Security	Reasonable			2	6	100%
Anti-Fraud & Corruption 2019-20						n/a
Management of Novus Contract	Comprehensive				1	100%
Procurement of Rosliston Contract 2019-20	Reasonable *					n/a
Capital Programme	Comprehensive				1	100%
Maintenance of Public Buildings	Limited			4	5	44%
TOTALS			5	31	94	68%

* Assurance ratings yet to be finalised

Internal Controls Examined

For those audits finalised during 2019-20, we established the following information about the controls examined:



Recommendations Made

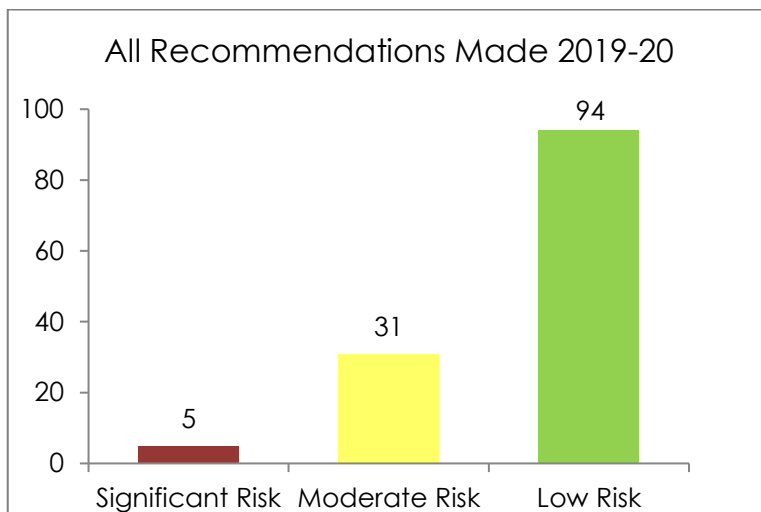
The control weaknesses identified above resulted in 130 recommendations which suggested actions for control improvements. The following table and charts show where the recommendations came from, how the recommendations were risk rated and the current status of all recommendations made relating to 2019-20:

Audit Assignments	Type of Review	Recommendations Status			
		Total Closed	Action Due	Being Implemented	Future Action
Main Accounting System 2019-20	Key Financial System				
Treasury Management 2019-20	Key Financial System	2			2
Banking Services 2019-20	Key Financial System	1			
Payroll 2019-20	Key Financial System				
Officers Expenses & Allowances 2019-20	Key Financial System	1		1	
Creditors 2019-20	Key Financial System	2			1
Fixed Assets 2019-20	Key Financial System			1	
Revenues Systems 2019-20	Key Financial System				
Cashiering 2019-20	Key Financial System				
Housing Benefit & Council Tax Support 2019-20	Key Financial System				
Rent Accounting 2019-20	Key Financial System	2		2	
Former Tenants Arrears 2019-20	Key Financial System	5			1
Payroll 2018-19	Key Financial System	3		1	
Creditors 2018-19	Key Financial System	5		1	
Revenue Systems 2018-19	Key Financial System	1		3	
Housing Benefit & Council Tax Support 2018-19	Key Financial System	1		1	
Business Change & Transformation	System/Risk				
Council House Sales - Right To Buy 2019-20	System/Risk	5		2	
Grounds Maintenance	System/Risk				
Improvement Grants 2019-20	System/Risk	2	4	1	2
Bereavement Services 2019-20	System/Risk				
Development Management 2018-19	System/Risk	3		1	1
Food Safety 2018-19	System/Risk	4			
Active Communities & Health	System/Risk			1	
Rosliston Forestry Centre 2018-19	System/Risk	3			
Housing Safety Inspections	System/Risk	11		3	
Community Safety Partnership 2018-19	System/Risk	3	1		
Data Quality & Perf. Mgmt 2019-20	Governance/Ethics	4		3	
Information Governance	Governance/Ethics	7			1
Corporate Governance 2018-19	Governance/Ethics	5			1
ICT Key Controls	IT Audit	1			
Mobile Phones	IT Audit	3		1	1
File Server Security	IT Audit	8			
Anti-Fraud & Corruption 2019-20	Anti-Fraud				
Management of Novus Contract	Procurement/Contract	1			
Procurement of Rosliston Contract 2019-20	Procurement/Contract				
Capital Programme	Procurement/Contract	1			
Maintenance of Public Buildings	Procurement/Contract	4			5
TOTALS		88	5	22	15

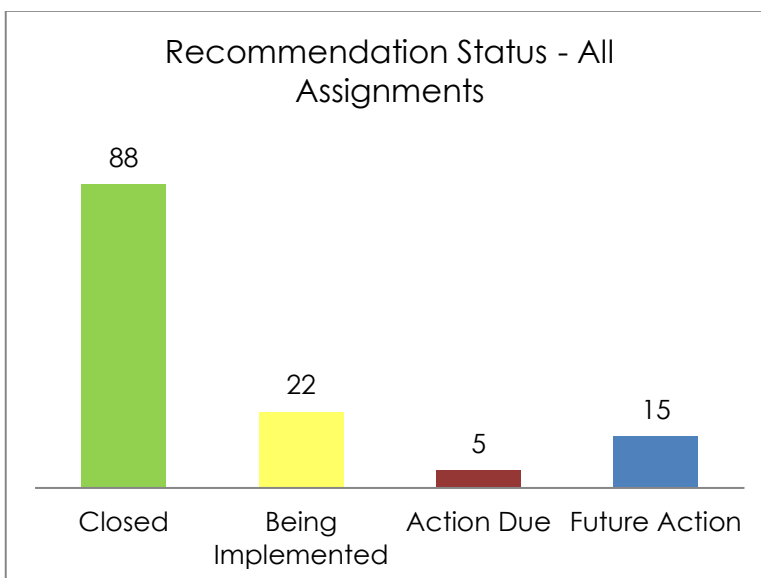
Recommendations Summary

These 130 recommendations have resulted from the 29 audit assignments finalised either during 2019-20 or finalised in the time following the year-end.

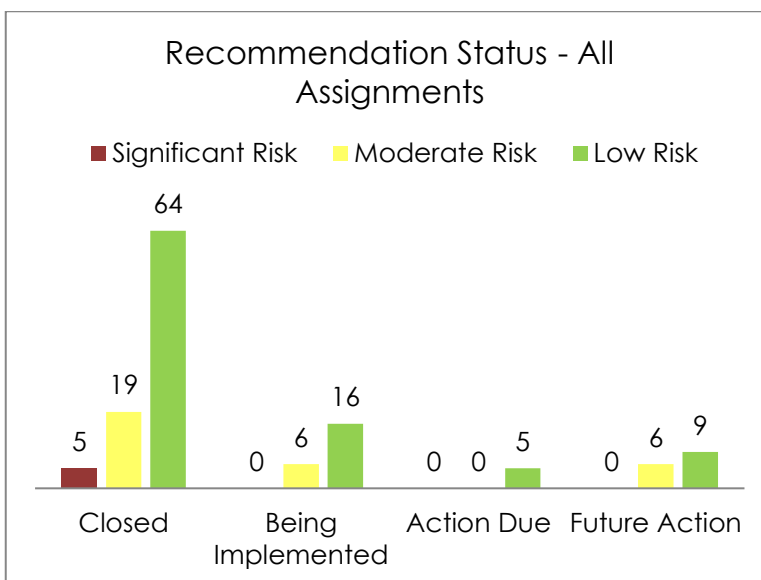
Approximately 72% of all recommendations made were considered to present a low risk, 24% a moderate risk and 4% a significant risk.



Of the 130 recommendations made, 68% have been closed, 17% have passed their original action date and a revised target has been set, 4% have passed their original action date but we have not yet received information regarding the status of management's action. The remaining 11% have an agreed original action date set in the future.



It is pleasing to note that all 5 of the significant risk recommendations raised have been addressed to our satisfaction, as have 19 of the moderate risk recommendations. We will continue to monitor all recommendations not yet addressed and will bring those moderate risk recommendations that remain outstanding to the attention of the Audit Sub-Committee throughout the coming year.

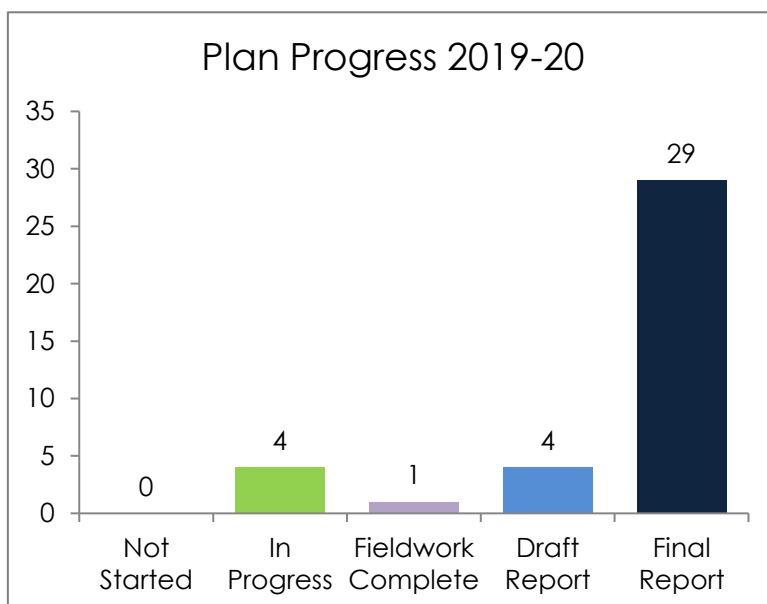


Performance Measures

Of the 23 customer satisfaction surveys sent, only 43% have been returned. Surveys contain 11 questions regarding the audit service provided and asked managers to score each on a scale of 1-5 (1=Very Poor, 2=Poor, 3=Fair, 4=Good, 5=Excellent). From the 10 customer satisfaction returns received, the overall average score out of 55 was 53.



By the end of the 2019-20 we estimate that we had completed 89.5% of the revised Audit Plan against a target of 90%. Our progress with certain audit assignments has been significantly impacted by the Covid-19 situation from the middle of March 2020 onwards.



QAIP – Improvement Plan

ACTIONS
1. We could seek feedback from Audit Committees & Senior Management on whether the Audit Plan focuses on the things that matter to the organisation and whether our opinion and recommendations are valued and help the organisation or we could seek a formal endorsement from Audit Committee and Client Lead Officer of the Audit Plan and our Opinion when reporting to Committee.
2. We should continue to heighten our profile by building on the relationship management already established with each partner organisation. i.e. Regular meetings with senior management and regular on-site presence.
3. To avoid any perceived conflicts of interest, we should re-iterate/ emphasise our rules and individual responsibilities to matters concerning the impairment of our professional judgement. As we have new members of the team, this could be discussed at a future Team Meeting.
4. Ethical use of information should be emphasised at a team meeting when discussing auditor responsibilities towards security and confidentiality of information in their possession.
5. We should map competency levels of staff over the various audit disciplines (e.g. contract, IT, probity, investigations etc.) that we can link to audit engagements to demonstrate that the staff assigned are appropriate.
6. We should continue to promote a culture of continuous improvement which considers the needs of individuals by: <ul style="list-style-type: none"> • staff completing the AMS in respect of any training received, • undertaking GPCs in accordance with the hosts requirements and • producing a Training & Development Plan.
7. Our opinion statements should explicitly state whether there are any perceived conflicts of interest with any other assurance providers which the CAE is relying upon when forming an opinion.
8. We should ask staff to complete a Personal Development Plan and then produce a Training & Development Plan for the Team.
9. We should establish a robust process for engaging capable assistance when resource shortfalls exist (e.g. contracts for Co-sourcing, specialists service providers etc.)
10. To ensure that audit engagements are supported by appropriate tools, we should encourage Auditors greater use of CAATs (e.g. IDEA and analytical Excel functions) and consider whether it would be beneficial to record when they have been used to identify potential development opportunities.
11. Complete this self-assessment and produce a revised QAIP and Action Plan for reporting to all necessary parties.
12. To demonstrate stakeholder engagement with the process, we should ensure that the QAIP Action Plan is a standard agenda item on both Operational Management group and at Audit Section meetings.
13. To demonstrate each work programme has been appropriately approved, we should continue to develop the controls/risk/tests selection from a searchable

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database in the AMS (which will automatically generate the control evaluation) which incorporates attributes for each control (such as risk type, control type) so we can better demonstrate our coverage and the scrutiny and approval of that coverage by audit management. We should continue to gather control/risk/test data from existing audits ready for import into the database. In the interim we could record the development and approval of the programme of work in the AMS.

14. The Audit Together Partnership has initiated a potential peer review opportunity for all Group members to participate in. We should enquire with members of the Group whether anyone would be prepared to undertake an external review of CMAP when it is next due.

15. We should produce a revised Business Plan that demonstrates how the internal audit activity intends to add value to each organisation.

16. We should continue to develop the process for incorporating other assurance information into our overall risk assessment process and our overall opinion and how the other assurance provider information we gather can be used to demonstrate the overall Assurance 'map' for each organisation.

17. We should ensure that our Audit Manual is complete, up-to-date, readily available and used by all audit staff.

18. To support the improvement of the organisation's governance framework, we should undertake consultancy work to facilitate the self-assessment of the effectiveness of the Audit Committee at all partner organisations.

19. We should consider how we could systematically evaluate the potential for the occurrence of fraud at each partner organisation and how each organisation manages fraud risk.