



central midlands audit partnership

# South Derbyshire DC – Internal Audit Annual Report 2020-21

Audit Sub-Committee: 28<sup>th</sup> June 2021



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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central midlands audit partnership

*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 April 2021 using the tool specifically developed by the Institute of Internal Auditors (IIA) for this purpose. As such, the CMAP has identified a number of actions for improvement

some of which are listed in the QAIP – Improvement Plan section to the rear of this report.

In November 2020 we also undertook a self-assessment of our conformance against the Practice Guide - Demonstrating the Core Principles for the Professional Practice of Internal Auditing. The IIA's self-assessment tool was used once again. The resulting IIA Core Principles Action Plan is appended to this report.

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.

## Audit Opinion 2020-21

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:

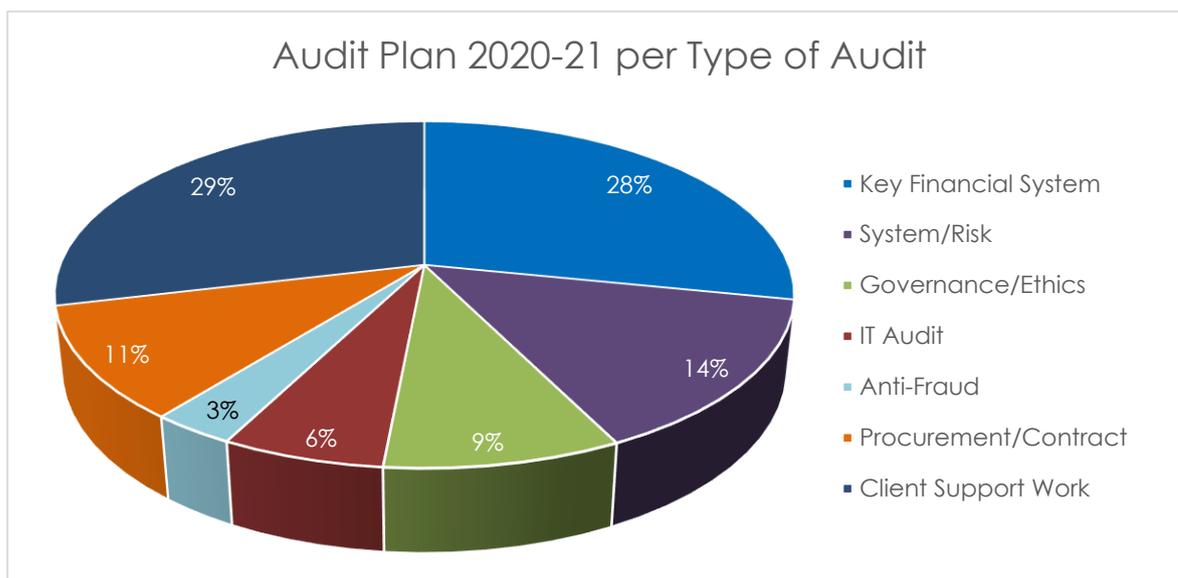
- The level of coverage provided by Internal Audit was considered adequate.

*Note: The completion of the key areas of 2020-21 audit work was not significantly 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 2020-21 financial year.

*Note: The impact of the COVID-19 pandemic on the 2020-21 governance, risk and control environment has been considered and has been reflected in the 2020-21 internal audit plan which was reviewed and revised on an on-going basis to reflect the risks faced by the Council.*

- 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 2020-21.
- The 2020-21 Internal audit plan, approved by the Audit Sub-Committee, 13<sup>th</sup> July 2020, 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. Changes to this Audit Plan have been reported to the Audit Sub-Committee throughout the year. These were brought about by the changing risk environment that the Covid 19 pandemic presented to the Council.
- The following tables summarise the 2020-21 Audit Plan assignments and their outcomes as well as those assignments from the 2019-20 Audit Plan which were still ongoing in 2020-21.



2020-21 Jobs	Status	% Complete	Assurance Rating
Risk Management 2020-21	Final Report	100%	Reasonable
Business Continuity & Emergency Planning	Fieldwork Complete	90%	Reasonable*
Procurement 2020-21	Final Report	100%	Reasonable
Safeguarding 2020-21	Final Report	100%	Reasonable
Debtors 2020-21	Final Report	100%	Reasonable
Revenues Systems 2020-21	Final Report	100%	Substantial
Housing Benefit & Council Tax Support	In Progress	40%	
Microsoft 365 Platform	Final Report	100%	Reasonable
Business Support Grants	Final Report	100%	Substantial
Homes England Grant Certification	Final Report	100%	N/A
Financial Reporting - Impact of Covid19	In Progress	75%	
Waste Management (Trade Waste)	Final Report	100%	Reasonable
Leisure Centres 2020-21	Deferred	5%	
Housing Repairs 2020-21	Draft Report	95%	Limited*
Housing Safety Inspections 2020-21	Final Report	100%	Reasonable
Tenancy Management (Interventions and Support)	Final Report	100%	Substantial
Waste Contract - Pre-Procurement Stage	Final Report	100%	Reasonable
Electoral Services 2020-21	Deferred	20%	
Overview & Scrutiny Function	Final Report	100%	N/A

\* Assurance ratings yet to be finalised

2019-20 Jobs B/fwd	Status	% Complete	Assurance Rating
Management of Novus Contract	Final Report	100%	Substantial
Procurement of Rosliston Contract 2019-20	Final Report	100%	Reasonable
Main Accounting System 2019-20	Final Report	100%	Substantial
Treasury Management 2019-20	Final Report	100%	Reasonable
Payroll 2019-20	Final Report	100%	Reasonable
Revenues Systems 2019-20	Final Report	100%	Substantial
Housing Benefit & Council Tax Support 2019-20	Final Report	100%	Substantial
Anti-Fraud & Corruption 2019-20	Final Report	100%	Substantial
ICT Key Controls	Final Report	100%	Reasonable
Business Change & Transformation	Final Report	100%	Substantial
Grounds Maintenance	Final Report	100%	Reasonable

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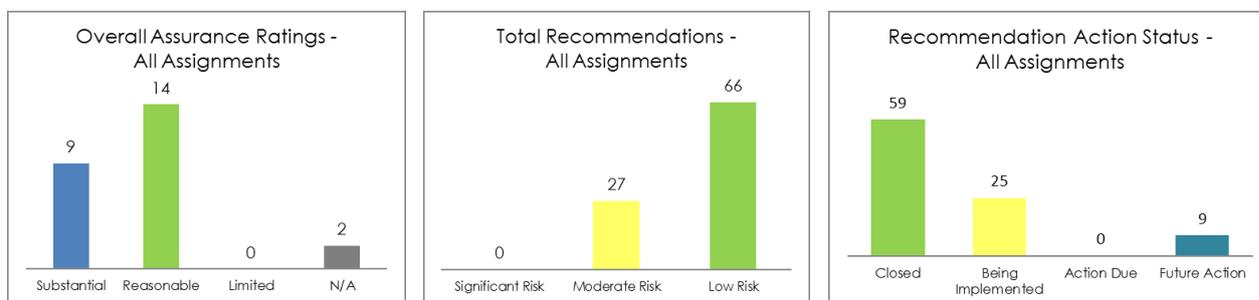
Bereavement Services 2019-20

Final Report

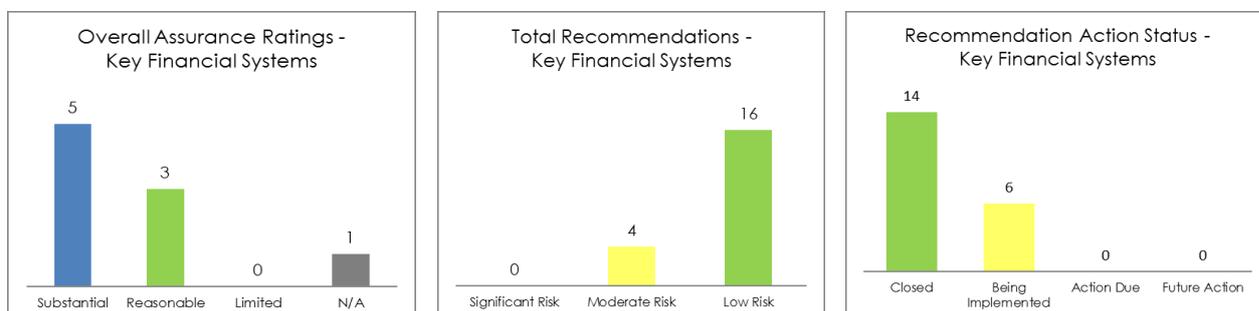
100%

Reasonable

- Of the 25 substantially completed assignments, 23 attracted either a 'Substantial' or 'Reasonable' assurance rating and 1 has provisionally attracted a 'Limited' assurance rating. Two Audit assignments were given a 'N/A' assurance rating. From the completed assignments a total of 93 recommendations were made; 66 of these were considered to present a low risk; 27 were considered to present a moderate risk; no significant or critical risk recommendations were made.



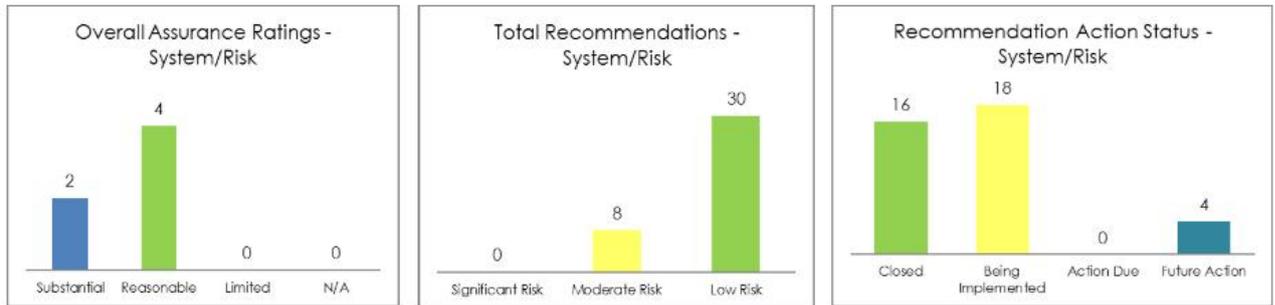
- Of the 11 **Key Financial System** audits undertaken in 2020-21, 8 were significantly completed and attracted either a Substantial or Reasonable overall assurance rating and 1 attracted a N/A rating. The 2 remaining were not yet sufficiently complete to determine an overall assurance rating. The finalised audit assignments identified 17 recommendations, 13 of which were classified as low risk and 4 were a moderate risk. Three of the 4 moderate risks relate to Payroll and 2 have future action dates, whilst the other has passed its original action date and a revised action date in the future has been provided. The 1 remaining moderate risk recommendation relates to Treasury Management and it has passed its original action date and management have suggested another action date in the future.



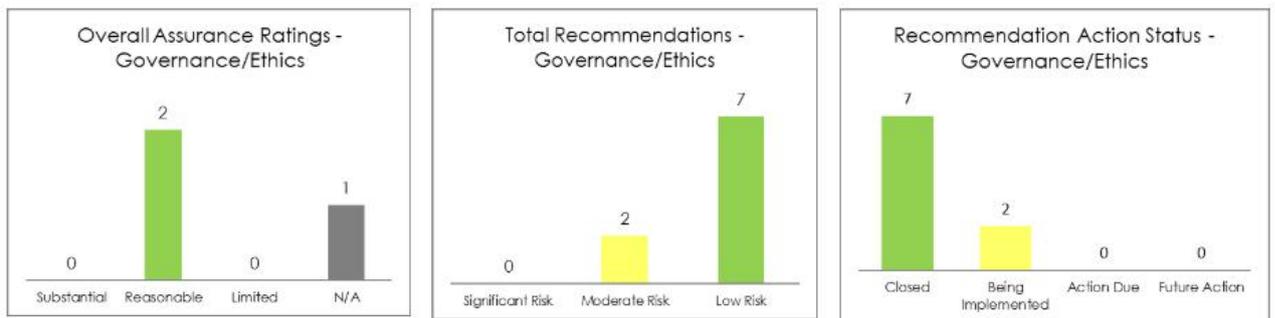
- Of the 9 **System/Risk** audits undertaken in 2020-21, 6 were finalised and attracted either a Substantial or Reasonable assurance rating and 1 has provisionally attracted a Reasonable rating but the draft report is yet to be issued. From the 6 audits finalised, a total of 38 recommendations were made; 8 of which were considered to present a moderate risk; the remaining 30 were judged as low risk. One of the 8 moderate risk recommendations had been implemented; of the 7 remaining, all had passed their original action date. Management had provided revised action dates for all 7; 5 of which have

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future action dates, whilst the remaining 2 have again passed their revised action date and management is yet to provide another update.



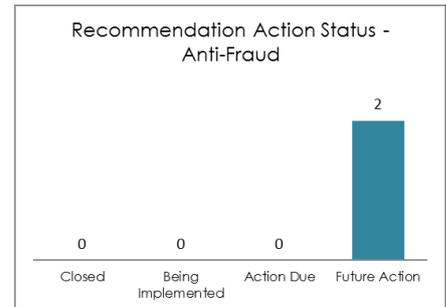
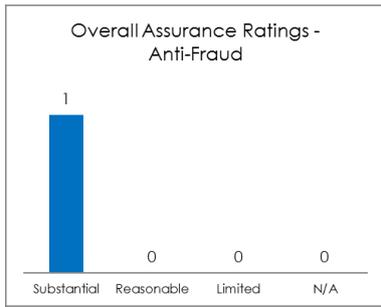
- All 3 **Governance/Ethics** audits undertaken during 2020-21 have been finalised and 2 attracted an overall assurance rating of Reasonable, whereas the review of the Overview & Scrutiny Function was a piece of consultancy work which did not attract an overall assurance rating. The 2 audits produced 9 recommendations; 2 of which were considered to represent a moderate risk, the rest being a low risk. Both of these moderate risk recommendations have now been implemented.



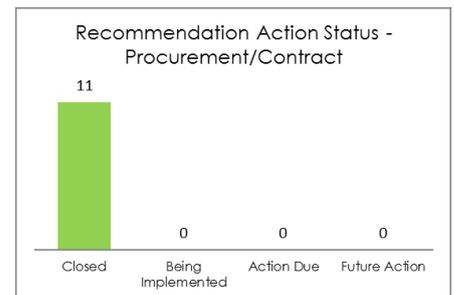
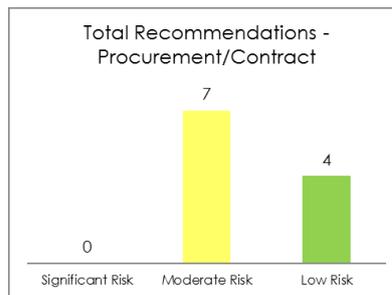
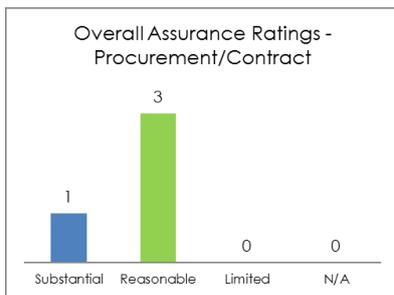
- Of the 2 **IT Audits**, both were significantly completed during 2019-20 and attracted Reasonable assurance ratings. The ICT Key Controls audit raised 6 recommendations; 3 were considered a moderate risk and the remaining 3 were considered to represent a low risk. All 6 recommendations have now been addressed to our satisfaction.



- The one **Anti-Fraud** audit undertaken was complete and attracted a Substantial assurance rating. It raised 2 low risk recommendations which both have future action dates.



- Of the 5 **Procurement/Contract** audits, 4 were finalised and attracted overall assurance ratings of Substantial and Reasonable. The Housing Repairs assignment has provisionally attracted a Limited assurance rating, but the report is yet to be finalised. The 4 finalised audits resulted in 11 recommendations, all of which have been addressed to our satisfaction.



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 2020-21 and the assurance ratings associated with each audit assignment.

Summary of Audit Plan 2020-21 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	2	3				1	6
Substantial	5	2				1	8
Reasonable	3	4	2	2	1	3	15
Limited							
No							
N/A	1		1				2
	<b>11</b>	<b>9</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>31</b>

### Assurance Ratings Explained

**Substantial** - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**Reasonable** - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

**Limited** - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

**No** - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**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.

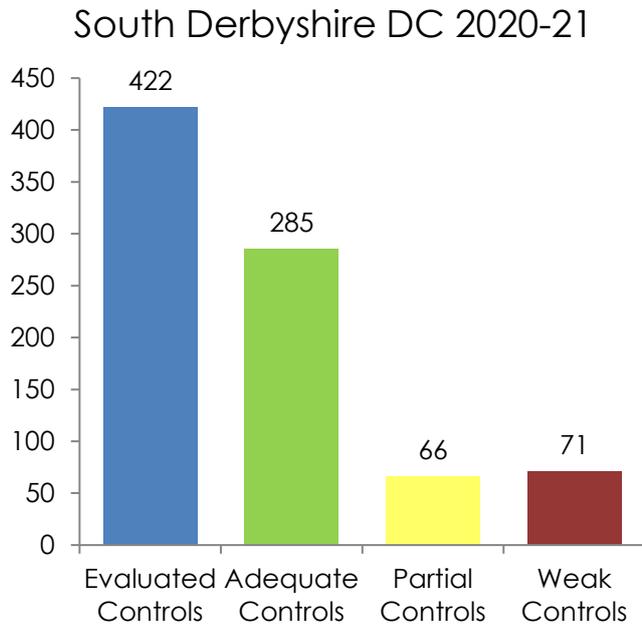
## Audit Plan Assignments 2020-21

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Debtors 2020-21	Reasonable				4	100%
Revenues Systems 2020-21	Substantial				3	
Housing Benefit & Council Tax Support						n/a
Business Support Grants	Substantial				1	100%
Homes England Grant Certification	N/A					n/a
Financial Reporting - Impact of Covid19						n/a
Main Accounting System 2019-20	Substantial					n/a
Treasury Management 2019-20	Reasonable			1	3	75%
Payroll 2019-20	Reasonable			3	2	80%
Revenue Systems 2019-20	Substantial				3	67%
Housing Benefit & Council Tax Support 2019-20	Substantial					n/a
Business Continuity & Emergency Planning	Reasonable*					n/a
Waste Management (Trade Waste)	Reasonable			1	5	50%
Leisure Centres 2020-21						n/a
Housing Safety Inspections 2020-21	Reasonable			4	5	44%
Tenancy Management (Interventions & Support)	Substantial				1	
Electoral Services 2020-21						n/a
Business Change & Transformation	Substantial				2	50%
Grounds Maintenance 2019-20	Reasonable			2	8	30%
Bereavement Services 2019-20	Reasonable			1	9	50%
Risk Management 2020-21	Reasonable			2	2	100%
Safeguarding 2020-21	Reasonable				5	80%
Overview & Scrutiny Function	N/A					n/a
Microsoft 365 Platform	Reasonable			3	4	57%
ICT Key Controls	Reasonable			3	3	100%
Anti-Fraud & Corruption 2019-20	Reasonable				2	
Procurement 2020-21	Reasonable			3		100%
Housing Repairs 2020-21	Limited *					n/a
Waste Contract - Pre-Procurement Stage	Reasonable			3		100%
Management of Novus Contract	Substantial				1	100%
Procurement of Rosliston Contract 2019-20	Reasonable			1	3	100%
<b>TOTALS</b>				<b>27</b>	<b>66</b>	<b>63%</b>

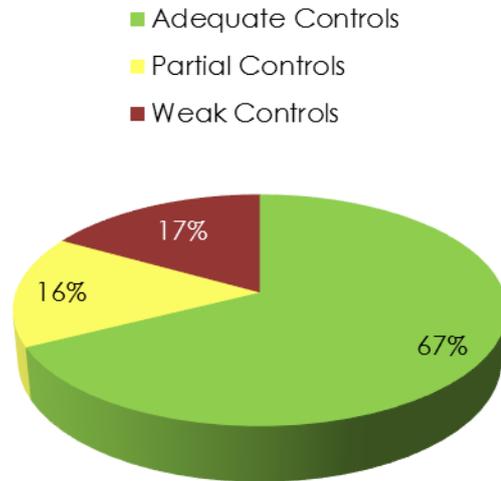
\* Assurance ratings yet to be finalised

### Internal Controls Examined

For those audits finalised during 2020-21, we established the following information about the controls examined:



#### South Derbyshire



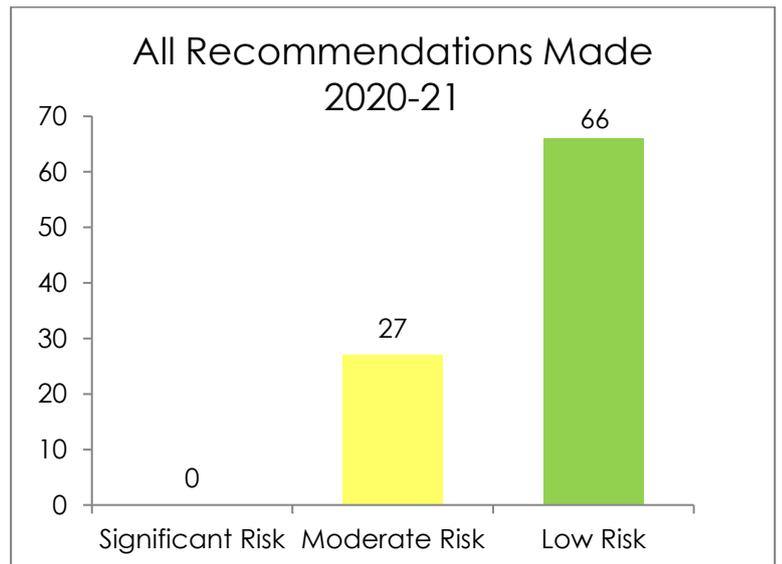
## Recommendations Made

The control weaknesses identified above resulted in 93 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 2020-21:

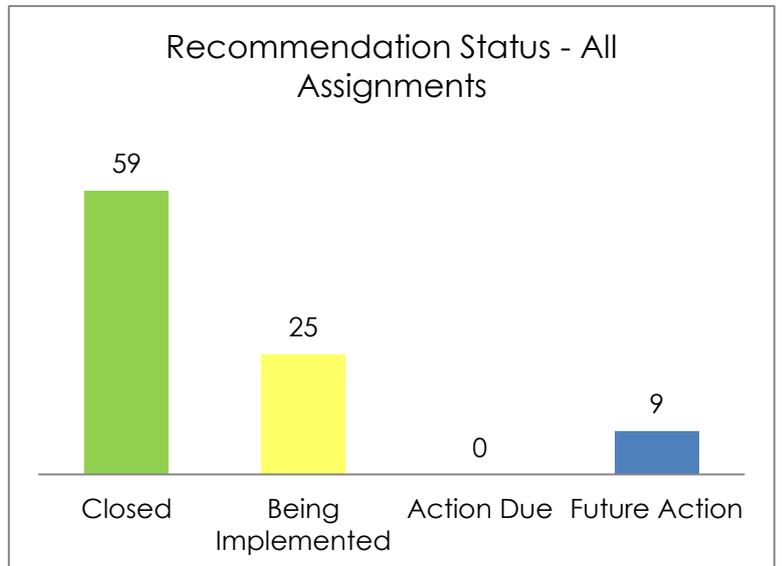
Audit Assignments	Type of Review	Recommendations Status			
		Total Closed	Action Due	Being Implemented	Future Action
Debtors 2020-21	Key Financial System	4			
Revenues Systems 2020-21	Key Financial System			3	
Housing Benefit & Council Tax Support	Key Financial System				
Business Support Grants	Key Financial System	1			
Homes England Grant Certification	Key Financial System				
Financial Reporting - Impact of Covid19	Key Financial System				
Main Accounting System 2019-20	Key Financial System				
Treasury Management 2019-20	Key Financial System	3		1	
Payroll 2019-20	Key Financial System	4		1	
Revenue Systems 2019-20	Key Financial System	2		1	
Housing Benefit & Council Tax Support 2019-20	Key Financial System				
Business Continuity & Emergency Planning	System/Risk				
Waste Management (Trade Waste)	System/Risk	3		1	2
Leisure Centres 2020-21	System/Risk				
Housing Safety Inspections 2020-21	System/Risk	4		5	
Tenancy Management (Interventions and Support)	System/Risk			1	
Electoral Services 2020-21	System/Risk				
Business Change & Transformation	System/Risk	1		1	
Grounds Maintenance 2019-20	System/Risk	3		5	2
Bereavement Services 2019-20	System/Risk	5		5	
Risk Management 2020-21	Governance/Ethics	4			
Safeguarding 2020-21	Governance/Ethics	4		1	
Overview & Scrutiny Function	Governance/Ethics				
Microsoft 365 Platform	IT Audit	4			3
ICT Key Controls	IT Audit	6			
Anti-Fraud & Corruption 2019-20	Anti-Fraud				2
Procurement 2020-21	Procurement/Contract	3			
Housing Repairs 2020-21	Procurement/Contract				
Waste Contract - Pre-Procurement Stage	Procurement/Contract	3			
Management of Novus Contract	Procurement/Contract	1			
Procurement of Rosliston Contract 2019-20	Procurement/Contract	4			
<b>TOTALS</b>		<b>59</b>		<b>25</b>	<b>9</b>

## Recommendations Summary

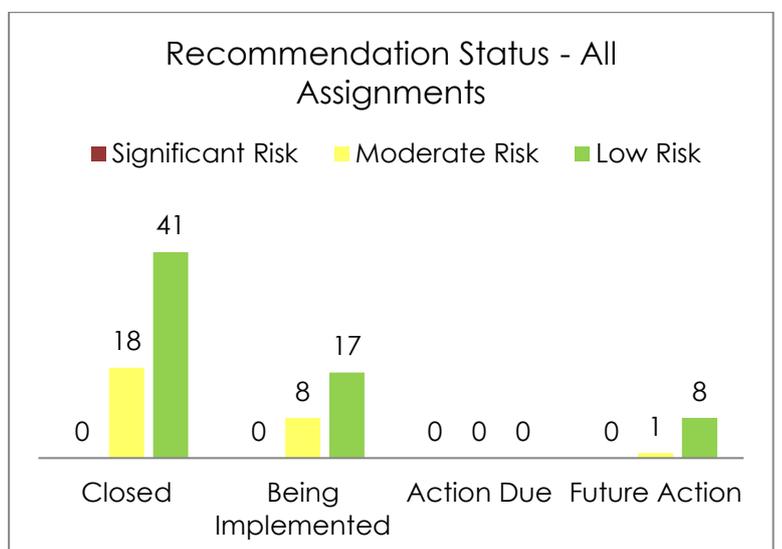
These 93 recommendations have resulted from the 25 audit assignments finalised either during 2020-21 or finalised in the time following the year-end. Approximately 71% of all recommendations made were considered to present a low risk, 29% a moderate risk and 0% a significant risk.



Of the 93 recommendations made, 63% have been closed, 27% have passed their original action date and a revised target has been set, 0% have passed their original action date but we have not yet received information regarding the status of management's action. The remaining 10% have an agreed original action date set in the future.



It is pleasing to note that 18 of the moderate risk recommendations raised have been addressed to our satisfaction, as have 41 of the low 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.

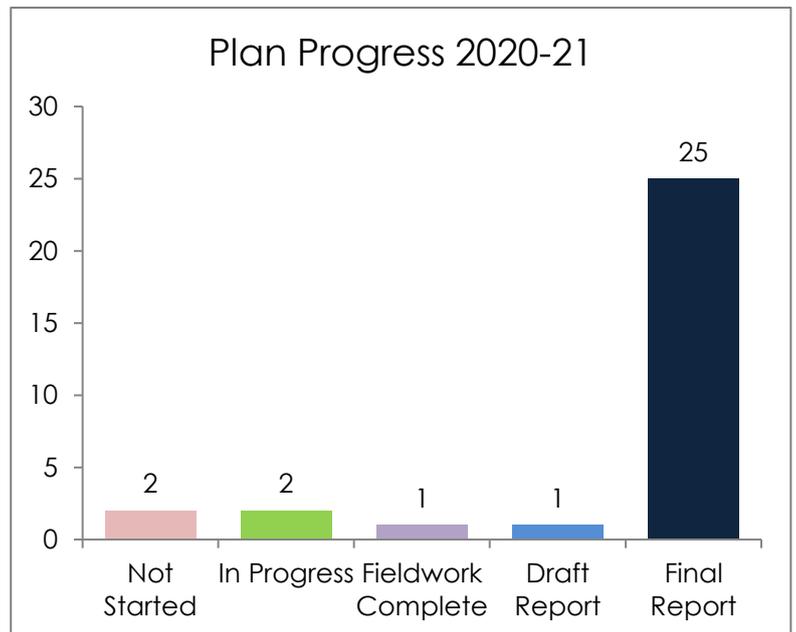


## Performance Measures

Of the 21 customer satisfaction surveys sent, only 52% 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 9 customer satisfaction returns received, the overall average score out of 55 was 51.5.



By the end of the 2020-21 we estimate that we had completed 92.1% 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 combined with a regular on-site presence. Note under the current circumstances (Covid pandemic) this needs to be through regular contact via virtual meetings.
3. 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.
4. We should continue to promote a culture of continuous improvement which considers the needs of individuals by: <ul style="list-style-type: none"> <li>• staff completing the AMS in respect of any training received,</li> <li>• undertaking GPCs in accordance with the hosts requirements and</li> <li>• producing a Training &amp; Development Plan.</li> </ul>
5. 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
6. We should ask staff to complete a Personal Development Plan and then produce a Training & Development Plan for the Team.
7. We should aim to increase our knowledge around the use of data analytics and other CAATs and identify the benefits it could bring to the audit processes.
8. To ensure that audit engagements are supported by appropriate tools, we need to develop a strategy for the use of data analytics.
9. Complete this self-assessment annually and produce a revised QAIP and Action Plan for reporting to all necessary parties.
10.To demonstrate stakeholder engagement with the process, we should ensure that the QAIP Action Plan is a standard agenda item on both the CMAP Operational Group and at Audit Section meetings.
11.To demonstrate each work programme has been appropriately approved, we should continue to develop the controls/risk/tests selection from a searchable 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.
12.CMAP needs to explore potential external assessors that can deliver the appropriate level of validation required and that understand the partnership ethos/approach.

13. 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.

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

15. 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.

16. 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.

## IIA Core Principles Action Plan

<p><b>Principle 1. Demonstrates integrity</b></p> <p><b>Standards series:</b> 1000 – Purpose, Authority, and Responsibility; 1300 – Quality Assurance and Improvement Programme; 2000 – Managing the Internal Audit Activity</p>
<p><b>Corrective action plan</b></p> <p><i>To demonstrate continuous improvement, we could:</i></p> <ul style="list-style-type: none"> <li>• include a section on ethics (with a scenario) in our CMAP staff induction process.</li> <li>• Add “and integrity” to our CSS Q5.</li> <li>• Include ethics on the agenda for team meetings.</li> </ul>
<p><b>Principle 2. Demonstrates competence and due professional care</b></p> <p><b>Standards series:</b> 1200 – Proficiency and Due Professional Care; 2000 – Managing the Internal Audit Activity; 2200 – Engagement Planning; 2300 – Performing the Engagement; 2600 – Communicating the Acceptance of Risks</p>
<p><b>Corrective action plan</b></p> <p><i>To demonstrate continuous improvement, we should complete the actions 5,6, &amp; 8 included in our QAIP Action Plan, which all relate to staff competencies and training and development.</i></p> <p><i>Need to better analyse our training hours across the team in order to demonstrate CPE/training skills attained.</i></p> <p><i>Need to further develop the Auditor Competencies analysis to demonstrate the matching of assignments to skills.</i></p> <p><i>Need to develop the variable enquiry page in the Windows 10 AMS for the recommendation reports already developed for South Derbyshire.</i></p>
<p><b>Principle 3. Is objective and free from undue influence (independent)</b></p> <p><b>Standards series:</b> 1000 – Purpose, Authority, and Responsibility; 1100 – Independence and Objectivity; 2000 – Managing the Internal Audit Activity</p>
<p><b>Corrective action plan</b></p> <p><i>The different responsibilities of the Host authority and the Operational Board towards the CAEs regarding their appointment / removal and appraisal could be better defined.</i></p> <p><i>We should debate the principle of private sessions between Audit Committees and CAEs at the Operational Board.</i></p>
<p><b>Principle 4. Aligns with the strategies, objectives, and risks of the organisation</b></p> <p><b>Standards series:</b> 2000 – Managing the Internal Audit Activity; 2200 – Engagement Planning</p>
<p><b>Corrective action plan</b></p> <p><i>We should enquire how other audit partnerships demonstrate how they conform with these principles/ standards.</i></p>
<p><b>Principle 5. Is appropriately positioned and adequately resourced</b></p> <p><b>Standards series:</b> 1000 – Purpose, Authority, and Responsibility; 1100 – Independence and Objectivity; 1200 – Proficiency and Due Professional Care; 2000 – Managing the Internal Audit Activity</p>

<p><b>Corrective action plan</b></p> <p><i>We should consider the benefits of measuring the % plan available for management requests.</i></p>
<p><b>Principle 6. Demonstrates quality and continuous improvement</b></p> <p><b>Standards series:</b> 1300 – Quality Assurance and Improvement Programme; 2000 - Managing the Internal Audit Activity</p>
<p><b>Corrective action plan</b></p> <p><i>We could formally compare annual self-assessments to highlight the actions taken and the overall improvements made.</i></p> <p><i>Progress against the QAIP Action Plan should be monitored and periodically reported to the Operational Board. Supporting evidence should be retained.</i></p> <p><i>We should analyse and report on the balanced scorecards for 2019-20 &amp; 2020-21.</i></p>
<p><b>Principle 7. Communicates effectively</b></p> <p><b>Standards series:</b> 1300 – Quality Assurance and Improvement Programme; 2000 – Managing the Internal Audit Activity; 2200 – Engagement Planning; 2300 – Performing the Engagement; 2400 – Communicating Results; 2600 – Communicating the Acceptance of Risks</p>
<p><b>Corrective action plan</b></p> <p><i>We should consider the benefits of producing promotional information on our work, potentially utilising more modern communication methods.</i></p>
<p><b>Principle 8. Provides risk-based assurance</b></p> <p><b>Standards series:</b> 2000 – Managing the Internal Audit Activity; 2100 – Nature of Work; 2200 – Engagement Planning; 2400 – Communicating Results; 2600 – Communicating the Acceptance of Risks</p>
<p><b>Corrective action plan</b></p> <p><i>We should explore how we can utilise the Controls database to link audit results back to organisational risks.</i></p> <p><i>Undertake further work to facilitate the improvement of each organisations risk management framework.</i></p> <p><i>Continue to develop the Assurance Mapping information for organisations to adopt.</i></p>
<p><b>Principle 9. Is insightful, proactive, and future-focused</b></p> <p><b>Standards series:</b> 2000 – Managing the Internal Audit Activity; 2100 – Nature of Work</p>
<p><b>Corrective action plan</b></p> <p><i>We should consider formally asking our various “Boards” whether they consider us to be insightful, proactive, and future-focused.</i></p> <p><i>We should consider how we can increase the use of data analytics across a wider variety of audit engagements.</i></p> <p><i>Our development of the Controls database should enable a greater analysis of the type of risks identified by our work.</i></p> <p><i>We should consider adopting control maturity models to further explain to provide perspective on the adequacy and scalability of current controls.</i></p>

*We should consider recording emerging risks in the engagement risk assessment document.*

**Principle 10. Promotes organisational improvement**

**Standards series:** 1000 – Purpose, Authority, and Responsibility; 2000 – Managing the Internal Audit Activity; 2100 – Nature of Work; 2500 – Monitoring Progress; 2600 – Communicating the Acceptance of Risks

**Corrective action plan**

*We should consider monitoring and reporting upon the % of recommendations implemented within the original agreed timescales, then those within 3 months, 6 months, 12 months, greater than 12 months.*

*We should consider how we could identify best practice information to share across different business units/partners.*

*We should consider whether we can identify cost savings from our work.*

*We should consider whether a measurement of consultancy work would be beneficial.*