Appendix A

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Internal Audit Update Report

25 January 2022

Introduction

1. Internal Audit is an independent and objective assurance and consulting function. The shared team undertake reviews over the course of the year that are designed to evaluate and improve the Council's internal control, governance and risk management processes. Each individual review contributes towards the Chief Audit Executive's overall opinion on systems of risk management, governance and control provided at the end of the year.

2. This interim report provides Members with an update on internal audit activity, and, most importantly, its outcomes, against the Plan that was agreed by Members of this Committee in March 2021.

3. It also seeks to enable the Committee to discharge its responsibility to provide oversight of the quality and effectiveness of the Internal Audit Partnership. The Key Performance Indicators for Quarter 2 are provided in **Annex D** and an update on the Partnership's Quality Action Plan is provided in **Annex E**.

Internal Audit Progress Update

4. The approved 2021/22 Internal Audit Plan is divided into two sections; Plan A contains the audits that are priorities for completion and Plan B contains additional audits that will be completed if resources allow.

5. An overall summary of Internal Audit progress against both Plans as at 20 December 2021 is included below in **Annex A**. We have made progress against Plan A with eight pieces of work fully completed and a further five in fieldwork or reporting stages.

6. Between 1 May 2021 and 31 October 2021, the Partnership was carrying a vacancy at Auditor level, but we are now pleased to welcome Helen Breytenbach to the Partnership as our Sevenoaks-employed Auditor since 1 November 2021. We have had some other staffing challenges; the Audit Manager left on 30 November 2021, but we have now appointed to the post and the two Lead Auditors are covering the post alongside their own roles for the interim period. There has also been a period of long term sickness for one team member in the team.

7. We have reviewed the current Audit Plan in light of changes within the Partnership and within the organisation itself. In our view, the Plan remains broadly fit for purpose and aligned to key risks. However we are proposing two changes which Members are asked to approve:

   - Deletion of the 'New Service Review – Environmental Health and Building Control' audit. At the time the Plan was drawn up, the Council's intention was to create a single service but this is no longer the case. As such, the audit loses relevance and so we propose to capture the assurance needs of both services as part of the 2022/23 planning process.
   - Deferral of the 'Ethical Governance' review until 2022/23. This was due to be completed by the Audit Manager with a small team in Quarter 3 but we no longer have this resource. Further, the Council has recently undergone a peer review which covered governance to some extent. We therefore propose to defer the

audit until Q1 2022/23 when we can also take into account the findings of the peer review and seek to follow these up.

Internal Audit Outcomes

8   The table below shows all final audit reports issued and the outcomes since the last report to Audit Committee in September 2021. Summaries of these audits can be found in **Annex B**. Definitions of our assurance ratings are provided in **Annex F**.

Audit	Assurance rating
Appraisals	Reasonable
Corporate Credit Cards	Limited
Parking (PCNs)	Reasonable (PCN Processes) Limited (Contractual Arrangements)
Safeguarding	Limited
S106 Agreements	Reasonable

9   The audits completed since the last report to Committee have covered a range of risks; one of these (Parking) was service-specific but the rest apply organisation-wide and thus have particular significance.

10 One audit (Appraisals) received 'Reasonable' assurance; processes were in place to ensure that all staff received an appraisal but the effectiveness of this process to ensure consistency and strong links between staff and service objectives could be enhanced. For Parking (PCNs), we also gave a 'Reasonable' assurance opinion for local enforcement processes; these aligned to statutory obligations and recommendations raised were largely to enhance the effectiveness of the service through additional quality measures.

11 A key theme running throughout the 'Limited' assurance opinions was weaknesses in contractual arrangements. We raised a 'High' priority action in the credit cards audit to consider how procurement thresholds can be applied to card spend. We also split the assurance level for Parking as the framework for commissioned aspects of the service were insufficiently robust to mitigate risks associate with procurement compliance and service delivery. Similarly, a key reason for the 'Limited' assurance opinion for the Safeguarding audit was that contracts for commissioned services do not contain sufficient provision for Safeguarding in order for the Council to manage its risks and discharge its statutory duties. We will continue to raise and follow up these issues with strategic management and the Procurement Assurance Group.

12 Throughout our audits this year, we have also noted a lack of controls in place to prevent or detect fraud in some areas (in particular low level fraud via credit cards and payroll claims) and we believe this is due, to an extent, to a lack of fraud awareness in the Council. We intend to partially address this through training planned for Senior Managers and through delivery of a fraud risk assessment in collaboration with the Counter Fraud Team. We have also, in conjunction with the Counter Fraud Team, shared some promotion and resources, internally and externally, for International Fraud Awareness Week (14 – 20 November 2021).

13 Within 'Plan A', we set aside a pot of time for grants assurance work, as Internal Audit sign off is required as a condition of some central government grants relating to the

pandemic. In September, we reported that we had completed a review of the 'Restart Grants' and provided our assurance statement to the Ministry of Housing, Communities and Local Government with no issues raised. Since then, we have also reviewed the 'Test and Trace' grant scheme and the 'Green Homes' grant scheme, again with no issues raised. Whilst we have not marked the audit as complete, in case further certifications are required later in the year, the work that we have undertaken allows us to provide assurance that underlying systems for these payments are sound and operating as intended.

14 Since the last report to Committee, we have also utilised our time on the following:

- Development of the Risk Management Framework (presented as a separate item on the agenda for approval)
- Completion of a piece of work around call-handling in front-line services, to complement the review of customer services call-handling that we undertook in 2020/21. We did not raise any significant issues but we did identify areas for development to improve the customer experience. The organisation is currently drawing up an action plan for these.
- Review of the LGA Peer Review self-assessment prior to submission
- Input and participation in International Fraud Awareness Week
- Attendance and input into the Council's new Procurement Assurance Group
- Ad hoc advice including proposed waivers

15 The chart below shows a breakdown of all audit assurance opinions to date for the 2021/22 financial year. Members will note that overall, the largest proportion of audits received 'Reasonable' assurance and the overall proportions are approximately in line with the year end 2020/21 position. It will be continually updated for future progress reports to Committee.

ASSURANCE RATINGS

■ Limited ■ Reasonable ■ Substantial
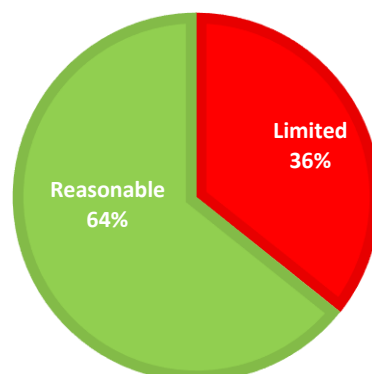
16 One of the primary functions of Internal Audit is to provide assurance that identified risks are being effectively managed and to this end, the table below also provides links between Internal Audit work and the current Strategic Risk Register. This does not mean that all controls have been covered as part of our audit but simply shows Members where

they may be able to gain some assurance over the management of risk through our work. There are audits on the Plan for all risks currently shown with no coverage with the exception of the new 'Net Zero' risk and, as each audit is completed, the table will be updated for future reports to this Committee. Assurances over risks with less coverage will be considered as part of the 2022/23 Audit Planning process.

Corporate Risk Register	Current Risk Rating	Internal Audit Coverage	Assurance Level
SR01 Finance	Medium	Ten Year Budget Strategy Covid 19 Grant Funding Payroll Corporate Credit Cards	Reasonable NA Reasonable Limited
SR02 Property Investment Strategy	Medium		
SR03 Asset management & maintenance	Low		
SR04 Knowledge, capacity & culture	Medium	Appraisals	Reasonable
SR05 Technology	Medium		
SR06 Information & data management	Medium		
SR07 Legal compliance, governance & ethics	Low	Parking (PCN)	Reasonable / Limited
SR08 Capacity of community partners	Low	Community Grants Process	Advisory
SR09 Health & Safety (incl. Staff Wellbeing)	Medium		
SR10 Emergency planning & severe weather events	Medium		
SR11 Safeguarding	Medium	Safeguarding	Limited
SR12 Covid-19	Medium		
SR13 Temporary Accommodation	Medium		
SR14 Capital Projects	Medium		
SR15 Net Zero	Medium		

Follow Up

17 Internal Audit follows up all Critical, High, Medium and Low priority findings as they fall due. **Annex C** shows the results of our follow up process for actions due in Quarter 2 this financial year. All deferrals have been agreed by the Chief Officer – Finance and Trading or else the actions have made significant progress and we are expecting them to be fully implemented shortly.

18 Alongside the changes above, we have also changed the way that we calculate the relevant key performance indicator (page 20). In previous financial years, we discounted deferred actions from the calculation whereas for this financial year, we consider them

as 'not implemented'. This has of course resulted in a drop in the KPI figures presented but we consider the new methodology to be a more accurate representation of residual risks.

Internal Audit Performance

19 Audit Committee has an important role to play in overseeing and ensuring the quality and effectiveness of Internal Audit, in order to assure themselves that Internal Audit makes a robust contribution to governance and that reliance can be placed on its conclusions. This oversight is facilitated through the Quality Assurance and Improvement Programme, which includes an action plan and performance indicators.

20 **Annex D** contains the results of our Key Performance Indicators (KPIs) for Quarter 2 (July – September). These KPIs highlight that customer satisfaction remains good and that we are planning sufficiently in advance of audit fieldwork. The percentage of actions agreed with client's actions is slightly down for this quarter, but this is due to one specific audit undertaken at Dartford Borough Council and is not indicative of an overall trend. The main area for action at this stage is the timeliness of audit delivery; the KPI shows that too few audit reports are issued by the date given on the audit brief. We continue to explore root causes and address these in 121s and team meetings.

21 The results of the various strands of our Quality Assurance activity combine into a single, overarching Quality Improvement Plan which is presented in **Annex E** (as at 30 November 2021). The Plan is divided into different themes encompassing internal audit activity but the fundamental objectives of the Plan are to move us into a position of being 'Generally Conformant' with the standards, improve service efficiency and to ensure that all audit work adds value to the Council. It is presented to Audit Committee minimum six monthly and was last reported in July 2021.

22 The current iteration shows that we have made some good progress against our actions, including review of core processes (in particular those which relate to reporting), development of a Customer Charter and provision of the majority of identified training. Some actions are behind schedule, which is mainly due to the change in Audit Manager; it would not be appropriate, for example, to develop an Audit Strategy until the new manager is in post. A further update will be presented to Members as part of the Annual Report in July 2022.

Conclusion

23 We have continued our work on the 2021/22 Internal Audit Plan and have made steady progress, with some key audits completed. Managers have agreed the recommendations for all issues raised and consequently there are no risks identified that will not be sufficiently mitigated once these are implemented. We have seen some staffing changes with the departure of the Audit Manager and the arrival of the Auditor. At this stage in the financial year, on the basis of both the assurance and consultancy work completed to date and the outcomes of follow up activity, my interim overall opinion on systems of risk management, governance and control continues to be 'Reasonable' in line with the opinion provided in July 2021.

24 We would like to thank Officers, Managers and Members for their ongoing support and co-operation to enable us to deliver our work.

Ian Wiltshire

Audit Manager (Acting)

Annex A – Internal Audit Plan 2021/22

Plan A 2021/22	Audit Title	Type	Current Status	Assurance
1	Assurance Mapping	Consultancy	Fieldwork	
2	Property Investment Strategy	Risk Based	Review	
3	Fraud Risk Assessment	Consultancy	Planning	
4	IT Governance	Risk Based	Planning	
5	Ten Year Budget	Risk Based	Complete	Reasonable
6	Corporate Landlord Liabilities	Risk Based	Not yet started	
7	Purchase Orders Continuous Assurance	Consultancy	Not yet started	
8	New Service Review - Environmental Health	Risk Based	*Proposed to Cancel*	
9	Emergency Planning	Risk Based	Not yet started	
10	Staff Wellbeing	Risk Based	Planning	
11	Appraisals	Risk Based	Complete	Reasonable
12	Information Security	Risk Based	Fieldwork	
13	Safeguarding	Risk Based	Complete	Limited
14	Temporary Accommodation	Risk Based	Not yet started	
15	Covid-19 Recovery	Risk Based	Not yet started	
16	S106 Agreements	Risk Based	Complete	Reasonable
17	Companies - Quercus	Risk Based	Not yet started	
18	Grants Process	Consultancy	Complete	N/A
19	Council Tax and Enforcement (shared)	Risk Based	Fieldwork	
20	Asset Management	Consultancy	Not yet started	
21	Covid-19 Grant Funding	Risk Based	Fieldwork	
22	Ethical Governance	Risk Based	*Proposed to defer*	
23	Legal Service Processes (Case Management)	Risk Based	Not yet started	
24	Parking Processes - Residents Permits and PCN processing (including appeals and cancellations)	Risk Based	Complete	Reasonable (PCN Process), Limited (Contractual Arrangements)
25	Corporate Credit Cards	Risk Based	Complete	Limited
26	Payroll	Risk Based	Complete	Reasonable
Plan B 2021/22	**Audit Title**	**Type**	**Current Status**	
1	Council Tax Reduction Scheme	Risk Based	Not yet started	
2	Local Plan	Consultancy	Not yet started	
3	Equality and Diversity	Risk Based	Not yet started	
4	Workforce Development / Talent Management / Succession Planning	Risk Based	Not yet started	
5	Workforce Strategy	Risk Based	Not yet started	

6	Training and Development	Risk Based	Not yet started	
7	Community safety	Risk Based	Not yet started	
8	Taxis	Risk Based	Not yet started	
9	Pre-Application advice	Risk Based	Not yet started	
10	Print Studio	Consultancy	Not yet started	
11	Asset Management	Risk Based	Not yet started	
12	Council Tax Enforcement	Consultancy	Not yet started	
13	Discretionary Powers	Risk Based	Not yet started	
14	Disaster Recovery	Risk Based	Not yet started	
15	My Account function	Risk Based	Not yet started	
16	Governance - Committee Process	Risk Based	Not yet started	
17	Procurement	Risk Based	Not yet started	
18	Safety Advisory Group	Risk Based	Not yet started	
19	Leases	Consultancy	Not yet started	

Annex B - Summaries of Audit Reports issued

Appraisals (Reasonable Assurance) – Issued in October 2021

This audit aimed to review the effectiveness of the appraisal process.

We found that most staff received an appraisal and there were reasonable explanations provided for the exceptions. Staff felt the annual meeting was held in the right atmosphere to be conducive to discussion and sufficient time was allocated to the meeting. Staff also felt that having one meeting to look back at the previous year and then set the next year's objectives was the right approach.

However, we found that the appraisal process is not as effective as it could be with staff identifying that they have concerns with the current practices and also with the lack of electronic process enabling them to record items over the course of the year. HR provided evidence that training and support was offered to management and staff in 2019 and guidance is sent out with the annual reminder for the appraisal season. However, there was no further evidence supplied of more recent training. Staff and management interviewed expressed they were not completely sure what was expected from the appraisal meetings and our testing identified inconsistencies in practice.

Staff do not see the appraisal process as being an all year round event but more as a one off annual meeting. One to One meetings are not always held regularly and there was limited evidence of objectives being revisited across the year to enable staff to be supported or encouraged to exceed targets.

The current process is also not appropriate for operational staff as they are asked to complete the same document as office based staff. The majority do not have ready access to computers through their work and the complexity of the form does not facilitate completion for this cohort, particularly given the very low proportion of appraisers to appraisees.

We have summarised our actions and management responses in the table below:

A summary of our actions and management responses is set out below:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	4	3 and 1 Partial	1 Partial
Low	2	2	0
Total	**6**	**5.5**	0.5

Corporate Credit Cards (Limited Assurance) – Issued in October 2021

The purpose of this review was to assess the adequacy and effectiveness of the controls in place over corporate credit cards. In particular, to assess if credit cards were being issued in accordance with agreed procedures and used for their intended purpose.

We examined credit card activity for the period April 2020 to June 2021. During this period there were 1,249 credit card transactions with a total value of £231,079.

Strengths

- A credit card agreement is in place for each cardholder.
- Finance provide guidance to cardholders for when the card should and should not be used.
- There is separation of duties between requesting a credit card, approving the card and recording credit card activity.
- Credit card activity is appropriately presented in the Treasury report.

Areas for development

- Card sharing is common practice which increases risks of fraud and error.
- 14% of transactions reviewed did not have a supporting receipt or invoice.
- There is contradicting advice/instruction between the agreement and guidance regarding personal use of cards.
- The business need for the transaction is not self-evident from the credit card return template.
- We identified some purchases which should have been procured by other means due to their type and value.
- Annual card expenditure on Amazon totalled £13,000 but there is no corporate steer on Amazon spend.
- Monitoring of low usage or dormant credit cards requires improvement to establish if there is still a need for these cards being in circulation.
- Requests for credit cards require greater explanation and justification to demonstrate there is a genuine need for the card.

A summary of our actions and management responses is set out below:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
High	2	2	0
Medium	4	4	0
Low	1	1	0
Total	7	7	0

Parking (PCNs) (Reasonable / Limited Assurance) – Issued in November 2021

The objective of the audit was to review the effectiveness of controls over Penalty Charge Notices, including appeals and cancellations, to ensure that the Council receives all income due whilst remaining fair to customers.

The Service has recently undergone a management restructure and managers have a set of desired actions to improve front line and back office processes, some of which are already implemented.

We found that processes are compliant with legislative requirements in key aspects and areas of good practice are noted below. However, there are no contracts in place for either the Enforcement Agents or the parking software, which represents an unacceptable risk for the Council. Consequently, we have split the assurance level to reflect the adequacy of the PCN processing whilst recognising the risks associated with third party suppliers.

Strengths

- Managers have a clear sense of purpose and vision for the service, including the actions necessary to achieve that purpose.
- Processes for issuing, enforcing and considering representations against Penalty Charge Notices are in line with all key aspects of legislation.
- Automated system controls are in place and working to ensure that the Council complies with statutory timescales for PCN enforcement.
- Charges applied are in line with legislation.
- Back office staff are appropriately qualified and experienced in role.
- For the sample of representations tested, the Council had performed considerably above minimum statutory requirements for timeliness of response.
- All cancellations processed in the last 2 years had been effected on the system by those with the authority to do so.
- All rejected representations that we reviewed were in line with current local guidance and the notice of rejection adequately explained to the customer why their appeal had not been accepted.
- The financial figures presented in the 2019/20 Annual Parking Report reconciled back to the underlying data in the Council's accounts.
- There is appropriate segregation of duties between receiving, recording and reconciling income from Penalty Charge Notices (although see Areas for Development below).

Areas for Development

- There is no contract in place with the Council's Enforcement Agents, meaning that the Council is unable to effectively monitor and manage performance. We also understand that there is no contract in place for the parking system (Chipside) although the service is in the process of developing a procurement plan.

- Income records on Agresso, the Council's financial system, do not balance to those held on Chipside, meaning reconciliations do not fulfil a key function of identifying any fraud or error.
- Supervision and oversight of CEO quality of work is insufficiently robust.
- There is no consistent policy for the issue of advisory notices and data analysis highlighted instances of inconsistency and ineffectiveness in practice.
- There are no quality assurance checks on representation decisions to ensure consistency and alignment with service objectives and expectations.
- There is no lessons learned log to ensure that actions identified as a result of Traffic Penalty Tribunal (TPT) decisions have been actioned.
- Access to the parking system Chipside is not periodically reviewed and some users with current access permissions are no longer employed by the Council.
- The 2019/20 Parking Annual Report did not contain all information as required by the Statutory Guidance.

A summary of our actions and management responses is set out below:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
High	2	2	0
Medium	6	6	0
Low	3	3	0
Advisory	1	1	0
Total	12	12	0

Safeguarding (Limited Assurance) – Issued in November 2021

The overall objective of the audit was to review the adequacy and effectiveness of the Council's arrangements to ensure and promote the safeguarding of vulnerable children and adults who interact with the Council.

There are several areas of good practice within the Council's safeguarding arrangements such as awareness and a cross-organisational group. However, there are significant gaps in training and contractual arrangements which, in our view, leave key risks insufficiently mitigated.

Key strengths

- There is a policy in place which aligns to many key statutory requirements
- Awareness is regularly promoted via newsletters which contain a variety of relevant information
- All bar one of the Designated Safeguarding Officers have received recent training relevant to their role
- The Safeguarding Group contains a good cross section of membership from across the organisation and those interviewed felt the group worked well, with good engagement from its members

- The Council has been instrumental in securing funding and agreement for a County-wide referrals system which is due to be rolled out shortly

Areas for development

- At the time of fieldwork, only 13% of staff had received the standard Safeguarding training
- The Council does not have sufficient mechanisms to embed Safeguarding within contracts for third party providers
- Roles and responsibilities are not clearly defined in the policy or in job descriptions
- The policy has not been approved by Strategic Management Team or Members
- Processes for referrals and allegations require further clarification
- Arrangements for oversight and scrutiny require strengthening

The table below sets summaries the actions raised and management responses:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
High	2	2	0
Medium	6	6	0
Low	0	0	0
Advisory	0	0	0
Total	8	8	0

S106 Agreements (Reasonable Assurance) – Issued in December 2021

The objective of this review was to assess the effectiveness of controls over the management of S106 agreements and to confirm income due from the agreements is received on a timely basis. Furthermore, to assess the controls for ensuring S106 income is spent in accordance with the terms and conditions of the agreement.

We also assessed the arrangements for the migration of S106 records to the new Exacom system, which took place between February 2020 and April 2020.

Strengths

- The Exacom system accurately reflects the key information relevant for each S106.
- Exacom is well structured with screens that are easy to follow and understand.
- Electronic copies of the original S106 agreements are held on Exacom.
- Roles and responsibilities are clearly defined for setting up S106 agreements, enforcement of S106 clauses and authorisation of the spending of S106 funds.
- S106 activity is reported annually to Cabinet and to Central Office as part of the Infrastructure Funding Statement.
- The S106 expenditure / funding amounts examined during testing were reconciled to the Agresso Financial system.

Areas for Development

- There was limited evidence on file to support the justification and authorisation for spending of S106 funds.
- Evidence that development work had commenced was on file for only six of the 15 S106 agreements examined.
- Management did not have evidence on file to confirm they had verified the migration of S106 agreements onto the Exacom system was fully complete and to the required standard.
- S106 activity is reported to senior management annually. More frequent reporting may identify adverse trends and patterns at an earlier stage.

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	3	3	0
Low	0	0	0
Advisory	1	1	0
Total	4	4	0

Annex C - Audit actions

We raise recommendations to assist management in addressing control failings, or to suggest service improvements following the results of our testing. In accordance with our follow-up process all audit actions are tracked and followed up when they fall due. The table below shows all audits with open actions from April 2021 to the date of writing. Column E indicates which of these were due between July and September 2021, which we have now followed up. Columns G and H give a summary of that follow up process:

A - Project	B - Service Manager	C - Report Issue Date & Rating	D - Agreed actions in Final Report	E- Actions due in Q2	F- Not yet due	G - Closed during Q2	H - Deferrals this Qtr.	I - Total actions complete to date	J - Total actions outstanding
COVID-19 Response & Recovery 2020/21	Richard Morris	December 2020 **Substantial**	10	2 (M), 1 (L)	1 (M)	2 (M); 1 (L)	0	9	1
Budgetary Control & Monitoring 2020/21	Alan Mitchell	December 2020 **Substantial**	3	1 (M)	0	1 (M)	0	3	0
Cyber Security 2020/21	Darren Lepper	February 2021 **Limited**	9	2 (H), 4 (M)	0	2 (H),3 (M)	1 (M)	8	1
Housing Allocations Policy 2020/21	Rav Kensrey	March 2021 **Limited**	6	1 (H), 3 (M), 1 (L)	0	1 (H), 3 (M) 1(L)	0	6	0
Local Air Quality Management 2020/21	Nick Chapman	March 2021 **Limited**	7	3 (M)	1 (H)	3 (M)	0	6	1
Fleet Management 2020/21	Trevor Kennett	April 2021 **Substantial**	5	1 (M)	1 (L)	1 (M)	0	4	1
Licensing Administration Fees 2020/21	Sharon Bamborough	June 2021 **Substantial**	5	3 (M), 1(L)	1 (M)	2 (M), 1(L)	2 (M)	3	2
Customer Solutions (Phones) 2020/21	Amy Wilton	June 2021 **Substantial**	6	2 (M), 1(L)	0	1(M), 1(L)	1(M)	5	1
Housing Benefits 2020/21	Heather Gaynor	July 2021 **Substantial**	2	0	1(M,) 1 (L)	0	0	0	2
Payroll 2021/22	Debbie Hoadley	August 2021 **Reasonable**	5	0	2 (M), 3 (L)	0	0	0	5

Project	Service Manager	Report Issue Date & Rating	Agreed actions in Final Report	Actions due in Q2	Not yet due	Closed during Q2	Deferrals this Qtr.	Total actions complete to date	Total actions outstanding
Ten Year Budget 2021/22	Adrian Rowbotham	August 2021 **Reasonable**	2	0	1 (M), 1(L)	0	0	0	2
Appraisals 2021/22	Graeme Taylor	October 2021 **Reasonable**	5.5	0	2.5 (M), 2 (L)	0	0	0	5.5
Corporate Credit Cards 2021/22	Roy Parsons	October 2021 **Limited**	7	0	2 (H), 4 (M), 1 (L)	0	0	0	7
		TOTAL	**72.5**	**26**	**23.5**	**23**	**4**	**44**	**28.5**

Based on the results of our follow-up work, there are now **28.5** open actions which we are actively tracking and monitoring. We will report progress on implementation of these actions as they fall due, as part of this regular summary report.

Deferrals

This table shows the **four** audit actions that have been deferred or are in progress beyond the due date. Officers have been asked to provide an update on progress, and the reason for the deferral:

Project	Action (including priority)	Original agreed date	Revised date	Reason for deferral	No. of times deferred
Cyber Security 2020/21	4. Firewall Rules (Medium)	30/9/21	31/12/21	**Audit Comment:** This action has been deferred until December 2021 due to supply issues with a specific part required to build the SAN. Relevant Chief Officers have been advised and are aware of the situation..	1
Licensing Administration Fees 2020/21	3. Aged Debt (Medium)	30/8/21	31/12/21	**Manager's Comment:** An extension, until December 2021 (4 months), is requested as the member of staff carrying out this task had left the authority and their replacement is new in post. **Audit Comment:** A four month deferral of this action has been agreed by the Chief Officer Finance & Trading.	1
Customer Solutions (Phones) 2020/21	1.Staff Unavailable (Medium)	31/8/21	31/1/22	**Manager's Comment:** The Information and Customer Solutions Manager had an initial meeting with SMT in July 2021. However, due to staffing pressures and liaison with other services a deferral until the end of January 2022 had been agreed by the Chief Officer for Finance and Trading. **Audit Comment:** Based on the above, this action has been deferred until the end of January 2022.	2

Outstanding Actions not deferred / no response to follow up

Annex D – Key Performance Indicators for Q2 (July – Sept)

Finance: Associated performance indicators	Q2 (July - September)
F1: Percentage of budgeted days taken to complete projects – *Target 100%* Reported on a **cumulative** basis Indicator measures any variance between the days agreed on the final brief vs. the actual time coded	158%
F2: Chargeable days – *Target 75%* Reported on a **quarterly** basis Indicator measures the actual chargeable activities against the assumptions made in the audit plan	Average 74%
F3: PSIAS conformance – *Target 'Generally Conforms' (IIA definition)* Reported **annually** Indicator measures effectiveness of the Quality Assurance & Improvement Programme (QAIP) to ensure compliance with professional Standards.	To be reported at the end of 2021/22
Client satisfaction: Associated performance indicators	**Q2 (July – September)**
C1: Respondents satisfied with the overall audit experience – *Target 90%* Reported on a **project by project** basis Indicator measures Client satisfaction with how we undertook the work, and takes into account our professionalism, approach and competence	9/9 100%
C2: Respondents agreement with the audit actions – *Target 90%* Reported on a **project by project** basis Indicator measures Client agreement to the audit findings and resulting actions from our audit work	17.5/23 76%

Internal processes: Associated performance indicators	Q2 (July – September)
I1: Percentage of draft audit briefs issued at least 10 working days before the start of fieldwork. - *Target 90%* Reported on a **project by project** basis Indicator measures the effectiveness of our project planning and communications with the client	12/12 100%
I2: Percentage of draft audit reports issued by the date given on the final audit brief - *Target 70%* Reported on a **project by project** basis Indicator measures the efficiency of our audit work, currency of our audit finding and effective engagement between Auditors and Clients	2/7 28%
I3: Time taken between issue of the DRAFT report and FINAL report – *Target 15 working days* Reported on a **project by project** basis Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner	6/9 66%
Learning & Development: Associated performance indicators	**Q2 (July – September)**
L1: Audit actions fully implemented within agreed timescales – *Target 80%* Reported on a **monthly** basis Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process	July – 24/34 = 71% August – 7/9 = 77.78% September – 5/7 = 71%

L2: Training & development days - Reported **annually** Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan	28.29 Days (annual budget of 29 days)

Annex E – Quality Action Plan

Theme	Action	Target Date	Status Update
Reporting	Review the assurance levels for individual reports.	To be introduced for financial year 2021/22	Complete
Reporting	Review the assurance levels for the Annual Opinion.	Graded opinion to be provided for 2020/21.	Complete
Reporting	Review report format to ensure that it is fit for purpose but "lean" – only containing elements that add value to the customer. Include guidance notes.	To be introduced for financial year 2021/22.	Complete but continue to monitor - Report format has been reviewed, including guidance notes, and rolled out to team in March 2021 team meeting. If report timeliness and initial quality does not improve following additional training, may need to consider amending further by streamlining again and removing detailed findings section - this will require stakeholder consultation.
Reporting	Deliver report writing training in team meeting session.	Jul-21	Complete
Reporting	Deliver root cause analysis training in team meeting session.	Aug-21	Behind schedule as did well being, critical thinking and review of audit documentation. Will not be complete by end of calendar year.
Reporting	Review action priority levels.	April 2022	Not yet started.

Theme	Action	Target Date	Status Update
Reporting	Review the Annual Opinion report template and contents to ensure that IA reports to committee are more strategic and focused on outcomes / key themes and issues.	Jul-21	Complete
Co ordination of Assurance	Develop assurance maps for both organisations a) Discuss other forms of assurance as part of 2021/22 Audit Planning b) Add assurance maps to both Plans for 2021/22	Complete by March 2022.	In progress - Outline complete but requires futher checking with Managers as part of 2022/23 Planning Process.
Co ordination of Assurance	Develop relationships with EA 1) Set up regular liaison meetings (every 4 months?)	For 2021/22 financial year with new EA personnel.	Not yet commenced.
Planning	Develop more risk-based method for 2021/22 periodic planning.	For 2021/22 financial year	2021/22 IA Plan was better developed and more relevant, however further refinements needed for 2022/23. Review again December 2021.
Planning	Maintain under review the approach to periodic planning - annually or quarterly / six monthly.	Review again for 2022/23	Review and re consider for 2022/23.
Planning	Develop Audit Strategy for the partnership.	Sep-21	Due to departure of Audit Manager, this will not be complete until new Audit Manager in post and embedded.
Planning	Undertake Culture / Ethics / IT Governance Audits.	March 2022 (for completion of 2021/22 audits)	IT Governance audits on both Plans for 2021/22. Culture on DBC audit plan. Ethical Governance was on SDC Audit Plan but due to departure of Audit Manager is proposed to be deferred until 2022/23.
Planning	Develop mechanism and allocate responsibilities to team members to keep knowledge of key parts of the sector up to date, share updates with team as a whole.	Oct-21	Focus at present is on core audit work, not yet discussed with the team.

Theme	Action	Target Date	Status Update
Data Analysis	Provide Excel training to the team	Dec-20	Complete - basic data analysis provided over 2 sessions in house and further 1 day external course. Need to review further options once skills matrix complete.
Data Analysis	Arrange demonstration of data analysis software	Dec-20	Complete
Data Analysis	Add data analysis to team objectives	Dec-20	Complete
Data Analysis	Add to planning checklist to enforce that it is considered as part of every audit and that non-use is justified - done	Dec-20	Complete
Data Analysis	'Continual' assurance using analysis of data will be trialled as part of the 2021/22 Plans.	Complete by March 2022	Audits on Plans, individual audits not yet commenced.
Data Analysis	Draft data analysis strategy will be prepared by September 2021 (including identification of potential costs) and shared with the s151 officers for agreement of any additional funds required, specifically for training or software	Sep-21	Not yet commenced - difficult at present due to staff changes and as other audit skills need to be fully developed first.
Performance Management	Review suite of KPIs to ensure they measure what we need to know and want to improve	Needs to be in place for 2021/22	Complete
Performance Management	Review calculation of CSQ measure	Needs to be in place for 2021/22	Complete
Performance Management	Quality of work including specific standards, competencies, deliverables and performance measures to be set out in a new suite of objectives for the auditors	Dec-20	Complete
Quality and timeliness of audit work (also links to Performance	All team members to undertake skills gap analysis against the IIA competency framework.	May-21	Complete

Theme	Action	Target Date	Status Update
Management above)			
Quality and timeliness of audit work (also links to Performance Management above)	Training plan for 2021/22 to be developed (reliant on completion of the above action)	Jul-21	In progress.
Quality and timeliness of audit work (also links to Performance Management above)	Develop a Customer Charter that sets out clear expectations for audit staff and clients. Include expectation that customers will be given 2 weeks to comment on draft report.	To be in place for April 2021	Complete, ongoing need to remind staff of the commitments in the Charter and to ensure they are communicating with clients. Charter to be reviewed in team meeting 24 November.
Quality and timeliness of audit work (also links to Performance Management above)	All staff to continue to complete self assessments at the end of individual audits to identify actions for improvement going forwards.	For 2020/21 audits onwards	In progress and ongoing.
Quality and timeliness of audit work (also links to Performance Management above)	Training on project planning audits to be delivered as part of team meeting	May-21	Complete - delivered over two sessions - April and May 2021.
Quality and timeliness of audit work (also links to Performance Management above)	Weekly 121s and action plans.	November 2020 onwards	In progress and ongoing.

Theme	Action	Target Date	Status Update
Quality and timeliness of audit work (also links to Performance Management above)	Identical audits across both sites to be allocated to same team member. Some 'task based' teams will be deployed for bigger audits in 2021/22 - Ethical Governance and Culture, will use agile techniques such as daily catch ups and specific task based timings. 'Site based' approach will be considered where practical.	Complete by March 2022	In progress. Audit allocations are complete and where possible, identical audits have been allocated to same staff member. Small teams allocated to Ethical Governance and Culture, FC to lead and adopt task-based, agile approach but EG now deferred. 'Site' approach to be considered as relevant when staff return to office.
Quality and timeliness of audit work (also links to Performance Management above)	Review and update the Audit Manual.	Sep-21	Complete
IA Charters	Review Audit Charters for both organisations.	Audit Committee / Board March 2022	Complete
Data Retention	Review and update the information asset register / data retention schedule.	May-21	Complete
Remote Working	Complete Lessons Learned review of the past year as part of team meeting session.	Apr-21	Complete
Follow Ups	Review the follow up process and consider whether quarterly would be more efficient than monthly.	Apr-21	Reviewed as a team but due to KPI and other reporting, decided to remain 'as is' at the moment, but training to be provided to the team May 2021 and auditors asked to be more 'smart' with implementation dates - eg try to have the same date for multiple recommendations where possible. This was reviewed again in October 2021 and decision to be taken t keep current system but continual to review

Theme	Action	Target Date	Status Update
			especially with the appointment of a new Audit Manager in February 2022.

Annex F - Definitions of Assurance ratings:

OPINION	DEFINITIONS
Substantial Assurance	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 Assurance	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 Assurance	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 Assurance	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.