



Audit and Standards Committee

To: All Members of the Audit & Standards Committee on Tuesday, 07 March 2023

Date of meeting: Wednesday, 15 March 2023

Time: 18:30

**Venue: The Council Chamber
The Symington Building, Adam and Eve Street, LE16 7AG**

Members of the public can access a live broadcast of the meeting from the [Council website](#), and the meeting webpage. The meeting will also be open to the public.

Agenda

- 1 Apologies for Absence and Notification of Substitutes.**
- 2 Declarations of Members' Interests**
- 3 Draft Minutes of the Audit Standards Committee 23 November 2022 3 - 8**
- 4 Internal Audit Plan 2023/24 9 - 20**
- 5 Internal Audit - Progress and Performance Update 21 - 40**
- 6 Internal Audit Charter and Strategy 41 - 62**
- 7 Any Urgent Business**
To be decided by the Chairman.

LIZ ELLIOTT
INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE
HARBOROUGH DISTRICT COUNCIL

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Hollick - Member, Phil Knowles - Member, Amanda Nunn - Vice-Chair,
Charmaine Wood - Member

HARBOROUGH DISTRICT COUNCIL

MINUTES OF THE AUDIT AND STANDARDS COMMITTEE MEETING

Held in The Council Chamber, The Symington Building, Adam and Eve St, Market
Harborough On Wednesday 23 November 2022, commencing at 6.30pm

Present:

Councillors: Dr Bremner (Chairman), Hollick, Golding, Knowles, Nunn, Whitmore and
Mrs Wood

Officers: S. Hamilton, C. Mason, L. Elliott, C. Pattinson

Also present:

Cabinet Members – Councillors King (Leader), Bateman (Deputy Leader), Dann,
Hallam and Whelband.

Other Members – Councillor Rickman (remote).

Internal Auditor (North Northamptonshire Council): R. Ashley-Caunt

Consultants (remote) – Nathan Elvery (Imagine Public Services Ltd.) (until 20.52)

INTRODUCTION

The Chairman welcomed everyone to the meeting and introduced the officers
present.

1. APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

Apologies were received from Councillor Dunton who was substituted by Councillor
Whitmore.

2. DECLARATIONS OF MEMBERS' INTERESTS

There were none.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED: that the Minutes of the Meeting of the Audit and Standards
Committee held on 7 September 2022 be approved and signed by the
Chairman as a true record.

4. REPORT 1: INTERNAL AUDIT- PROGRESS AND PERFORMANCE UPDATE

The Chief Internal Auditor presented the report, the purpose of which was to update Members on progress against the 2022/23 internal audit plan, key findings of audits completed and status of outstanding recommendations.

She drew the Committee's attention to the full audit plan in the appendices of the report and highlighted the findings and summary of the audit. The Internal Auditor explained that there were no significant areas of concern in the findings. She spoke on the seven audit recommendations that had been implemented since the last Committee Meeting and the status of the nineteen overdue actions outstanding.

The Committee raised questions on the report and discussed the following points:-

- The timeframe of the conclusion of the outstanding actions with mention of the delivery of the Leisure Services fieldwork and the need to circulate the outcomes to Members. It was agreed that this would be followed up and actioned.
- Whether there is a review of the gradings and if they are correct, or if the status of the grading is too historic to be accurate currently – at what point does a 'medium' priority become a 'high' priority and does a delay in review influence the accuracy of this. The Internal Auditor explained that the gradings are determined by the risk that is assessed at the time of the audit, which is exposed until the action is completed, that this is not reviewed on an ongoing basis.

RESOLVED: that the items considered in the Internal Audit Progress Report (Appendix A) and Overdue Recommendations (Appendix B) and the Committee comments be noted.

5. REPORT 2: INTERNAL AUDIT PLANNING PROCESS FOR 2023/24

The Chief Internal Auditor presented the 2023/24 Internal Audit Planning Process Report. She explained which areas would be focussed on to ensure it is suitably risk-based and adds value to the Council in its decision making.

She invited the members of the Committee to email herself and the Chair any suggestions of areas to consider as a part of that planning process, by 20 December 2022. These suggestions will be fed into the process in January 2023 with a draft of the Audit Plan being produced by March 2023.

RESOLVED: that the Committee considered the Internal Audit Planning Process Report and its contents be noted.

6. REPORT 3: “MEMORANDUM OF AGREEMENT” FOR THE HARBOROUGH DISTRICT COUNCIL AND MELTON BOROUGH COUNCIL STRATEGIC COLLABORATION

The Interim Director of Governance and Law comprehensively presented the report, the purpose of which was to provide members with detailed information as to how a strategic partnership with Melton Borough Council, specifically in respect of shared senior management, could be governed and operated.

The Consultant highlighted that the development of the proposed Memorandum of Agreement (MoA) had been undertaken to accommodate the distinct requirements of both Harborough District Council and Melton Borough Council and built on best practice within the public sector. He also advised that the MoA would be considered by external lawyers as another process of due diligence prior to the final version being proposed to Council.

The Committee had the opportunity to discuss the report, Memorandum of Agreement and Strategic Risk Register and raised several questions and points of clarification on a number of areas.

Queries specifically relating to the draft Memorandum of Agreement included:-

- the process which would be undertaken if a change of Leadership and Cabinet occurred and the process of termination;
- the functions of the two deputy Chief Executives and their associated employment gradings;
- the regularity of performance monitoring;
- the financial impact if either Council withdrew from the Agreement;
- the role of Internal Audit within the Agreement;
- the recruitment and discipline of the post of Shared Chief Executive;
- the quorum arrangements for the Shared Strategy Board;
- the influence and responsibilities of the Shared Strategy Board as detailed in Schedule 3; and
- clarification in relation to the Partnership Governance arrangements in paragraphs 18 to 21 to the report given that the bodies detailed are advisory.

A request was made to share minutes from the Shared Stakeholder Group and Shared Strategy Board with all Councillors.

The Interim Director of Governance and Law advised that either Council may withdraw from the Agreement wholly or in relation to part of the shared services and that this democratic decision must be approved by Council, and that not less than twelve months written notice must be given unless early exit provisions apply. She also confirmed that dispute resolution arrangements formed part of the MoA.

It was confirmed that the pay, terms and conditions of the shared deputy Chief Executives would seek to be harmonised as these Officers would be shared across the partnership. The costs of these posts would also be shared on a 50/50 basis.

It was confirmed that the MoA is initially limited to facilitating a shared Chief Executive for both Councils, a shared Deputy Chief Executive for each Council with thematic responsibilities in the Strategic Partnership and the Strategic Partnership. Whilst the Monitoring Officer confirmed that the Shared Stakeholder Group and Shared Strategy Board would be monitoring performance on a day-to-day operation basis and reporting back via the Committee structure, it was NOTED that if the Strategic Partnership was approved, the MoA should include details clearly stating the reporting structure mechanism as well as the frequency of reporting, with consideration given to additional reporting particularly during the first six months of operation.

It was confirmed that the costs relating to decoupling relate to reversing the savings from opportunities within the partnership and building these back into the respective Council budget, and the costs relating to undertaking the decoupling process.

The Interim Director of Governance and Law reported that Internal Audit would have a role in overseeing the probity of the relationships and the boards as detailed in the MoA.

In relation to the contract of employment for the Shared Chief Executive, the Shared Officer Employment Panel would advise on the appointment of that post, and it was NOTED that for clarity the wording in Schedule 1, Shared Chief Officer Employment Panel should be changed to 'decisions on employment and discipline'. As the partnership itself is not a legal entity and therefore is not able to employ personnel, the Shared Chief Executive has to be employed by one of the two councils.

The Interim Director of Governance and Law advised that details of the quorum for the Shared Strategy Board had been accidentally omitted and the wording in this section in relation to the attendance would be reviewed.

Questions and comments were raised in relation to aspects within the main report and which also referred to the Business Plan discussed at the recent Scrutiny Commission meeting¹ which included:-

- whether Melton Borough Council would be responsible for the procurement of the Harborough District Leisure Services given that it was proposed that the Deputy Chief Executive at Melton would be responsible for Leisure Services ;
- clarification on the meaning of thematic responsibilities as detailed in paragraph 12 to the report; and Design Principles 1, 2, 3, 5 and 8 as detailed in paragraph 16 to the report;
- the influence and responsibilities of the Shared Strategy Board as detailed in Schedule 3.

1

<https://cmis.harborough.gov.uk/cm5/Meetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/5727/Committee/832/SelectedTab/Documents/Default.aspx>

The Interim Chief Executive confirmed that all the questions raised would be answered and included within the FAQ's to be sent to all Members.

RESOLVED: that the proposed Memorandum of Agreement is noted and the comments to Cabinet on the robustness of the proposed governance arrangements for the Strategic Partnership will be made.

7. SECTION 100A (4) LOCAL GOVERNMENT ACT 1972

The Chairman then noted that the remaining items on the agenda were suggested to be dealt with under the above legislation, and that to comply with the Act a resolution to exclude the press and public needed to be passed.

Following the discussion it was,

RESOLVED that the public and press be excluded from the remainder of the meeting on the grounds that the matters yet to be discussed involve the likely disclosure of exempt information as defined in paragraph 7 of Schedule 12A to the Local Government Act 1972 in relation to Report 4: Exempt: Governance Improvement and an update from the Chief Executive re exclusion of Members from a meeting of the Audit & Standards Committee on 2 March 2022.

8. EXEMPT- REPORT 4 - GOVERNANCE IMPROVEMENT AND AN UPDATE FROM THE CHIEF EXECUTIVE RE: EXCLUSION OF MEMBERS FROM A MEETING OF THE AUDIT & STANDARDS COMMITTEE ON 2 MARCH 2022

RESOLVED: that the Committee note the Governance Improvement Report and the Update from the Chief Executive regarding the exclusion of Members from a meeting of the Audit & Standards Committee on 2 March 2022.

9. ANY URGENT BUSINESS

There was none.

The Meeting closed at 21.17

Harborough District Council

Report to Audit & Standards Committee Meeting of 15th March 2023



Title:	Internal Audit Plan 2023/24
Status:	Public
Key Decision:	N/A
Report Author:	Rachel Ashley-Caunt, Chief Internal Auditor Rachel.ashley-caunt@northnorthants.gov.uk
Portfolio Holder:	Cllr James Hallam
Appendices:	Appendix A: Internal Audit Plan 2023/24

Summary

- i. The report provides the Committee with a draft Internal Audit Plan for 2023/24 and seeks the Committee's approval of the plan, for delivery by the Internal Audit service from April 2023.

Recommendations

- ii. That the Audit and Standards Committee:
- 1. Approve the Internal Audit Plan for 2023/24.**

Reasons for Recommendations

- iii. To comply with the Public Sector Internal Audit Standards which require the annual audit plan to be developed taking into account the organisation's risk management framework and in consultation with senior management and the 'Audit Committee'.

1. Purpose of Report

- 1.1 To provide a risk based Internal Audit Plan for 2023/24 for the Committee's review and approval, in line with the Public Sector Internal Audit Standards.

2. Background

- 2.1 North Northamptonshire Council is commissioned to provide 235 audit days to deliver Harborough District Council's annual Internal Audit Plan.
- 2.2 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
 - 2.2.1 The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
 - 2.2.2 The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
 - 2.2.3 The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

3. Details

- 3.1 In order to ensure that the Audit Plan for 2023/24 addresses the Council's key risks and adds value to the organisation, the Chief Internal Auditor has sought to identify and prioritise the areas for coverage by:
 - 3.1.1 Reviewing the Council's Risk Registers and Corporate Plan;
 - 3.1.2 Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
 - 3.1.3 Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
 - 3.1.4 Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
 - 3.1.5 Assessment of any risk areas highlighted by members of the Audit & Standards Committee where they require assurances from Internal Audit during 2023/24; and
 - 3.1.6 Meeting with members of Corporate Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.
- 3.2 Potential areas for audit coverage have been assessed and prioritised for inclusion in the Audit Plan, in consultation with Corporate Management Team - based on risk, other sources of assurance available and potential value added from internal audit engagement.

4. Implications of Decisions

Corporate Priorities

- 4.1 The Internal Audit Plan is linked to the Council's Corporate Priorities and the processes and practices needed to support the delivery of the priorities.

Financial

- 4.2 The Audit Plan will be based on 235 audit days, as per the delegation agreement.

Legal

- 4.3 No legal issues directly arising from this report.

Policy

- 4.4 No policy issues directly arising from this report.

Environmental Implications

- 4.5 No implications directly arising from this report.

Risk Management

- 4.6 The Audit Plan will be informed by the Council's risk management framework and will seek to provide assurance over management of key risks.

Equalities Impact

- 4.7 No implications directly arising from this report.

Data Protection

- 4.8 No implications directly arising from this report.

Summary of Consultation and Outcome

- 4.9 Consultation on the audit coverage for 2023/24 will include Corporate Management Team, as set out in the body of this report.

5. Alternative Options Considered

- 5.1 Not applicable.

6. Background papers

- 6.1 None.



Internal Audit Plan 2023/24

Harborough District Council

Chief Internal Auditor: Rachel Ashley-Caunt CPFA

Internal Audit Plan 2023/24

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at Harborough District Council for 2023/24 for review and approval by the Audit & Standards Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, Harborough District Council commissions 235 days for delivery of the Internal Audit service on an annual basis.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.5 In setting the annual Audit Plan, the Public Sector Internal Audit Standards require:
- The audit plan should be developed taking into account the organisation's risk management framework and based upon a risk assessment process undertaken with senior management and the Audit Committee;
 - The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
 - The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations.

2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit & Standards Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.
- 2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed

to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

- 2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

Value for money

- 2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.
- 2.7 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements – the audit of procurement compliance will provide assurance over the effective procurement of supplies and services.

Fraud risks

- 2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.
- 2.9 In addition, the internal audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work. The contingency time in the plan provides flexibility for the team to respond to urgent requests, if required.

3. Planning process

- 3.1 In order to ensure that the Audit Plan for 2023/24 addresses the Council's key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:
- Reviewing the Council's Risk Registers and Corporate Plan;
 - Undertaking an assurance mapping exercise against the risks identified to highlight any gaps in the assurance framework and identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
 - Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
 - Paper to the Audit & Standards Committee in November 2022 to agree the audit planning process and consult the Committee on any areas where assurance is sought; and
 - Meeting with members of Corporate Management Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.
- 3.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from the Councils within the shared service client base.

- 3.3 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.
- 3.4 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit & Standards Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit & Standards Committee.
- 3.5 Also provided is a 'reserve list' showing the other potential areas for coverage which were considered in the drafting of the Plan, but were assessed as lower priority. Should the risk environment change, which impacts on the relevance of the planned audit work, these can be considered as potential areas for alternative audit work – depending on any wider risk implications. The details of those areas are provided in Table 2, which explains the basis for the priority assigned to these and the plan for seeking assurances, should the audit coverage not be included in 2023/24.

Resources

- 3.6 The audit assignments for all of the shared service clients are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of a shared service.
- 3.7 Efforts are constantly made to ensure all clients benefit from the shared service arrangement. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.
- 3.8 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence.
- 3.9 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit & Standards Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

Table 1: Draft Internal Audit Plan 2023/24

Assurance areas	Internal Audit Assignments (including assurances sought)	Audit days	Risk register ref / source	Initial timing
Corporate governance and counter fraud	Decision making and delegations To provide assurance over compliance with updated Constitutional arrangements for decision making and appropriate, recorded use of delegations.	12	Internal Audit assurances on governance	Q3
	National Fraud Initiative (NFI) support To provide support in the oversight of data uploads and investigation of data matches.	15	Fraud risk Assessment	As req'd
	Procurement compliance To test compliance with Contract Procedure Rules and the Statement of Required Practice on the procurement of goods and services across the Council. To inform annual assurance opinion on value for money and counter fraud.	8	Internal Audit assurances on internal controls	Q4
Key corporate controls and policies	Key financial controls To provide assurance over the design and compliance with key controls within the Council's financial systems. Undertaken on an annual basis, with a cyclical approach to testing. To include coverage on budgetary control / savings plans.	30	Internal Audit assurances on internal controls	Q4
	Cyber security To provide assurance over the Council's preventative, detective and responsive controls to manage the risks of a cyber attack.	12	CR29 Risk register	Q2
	Information governance To provide assurance over the Council's management of risks associated with data security and compliance with regulatory requirements. To include coverage on data retention.	15	CR34 Risk register	Q3
Corporate priority: Healthy lives	Leisure project To continue to engage with the project and issue reports at key stages under an embedded assurance approach – including assurance over the management of risks, consultation and communications, procurement, use of resources and plans and governance and decision making.	15	CR39 Risk register	All year
Corporate priority: Place and Community	Environmental Services contract procurement To provide assurance over the process for the award of this key, high value contract and delivery against the Council's project management framework. To adopt an embedded assurance approach.	15	CR38 Risk register	All year
	S106 monitoring To provide assurance over the collection of s106 monies due, based on monitoring of trigger points, and the accounting for the timely use of those monies, in line with the s106 agreements.	12	CR42 Risk register	Q2
	Local Plan development project To provide assurance over the delivery of this key project to support a timely, quality outcome which is suitably informed and delivered in line with the Council's project management framework. To adopt an embedded assurance approach.	15	CR43 Risk register	All year

Assurance areas	Internal Audit Assignments (including assurances sought)	Audit days	Risk register ref / source	Initial timing
Corporate priority: Environment and sustainability	Climate emergency action plan The Council has adopted a climate emergency action plan and agreed that it should form part of the Corporate Plan. As such, assurance will be sought that the Council is delivering against its commitments and the specified 'future actions'.	10	Corporate plan Priority 3	Q3
Corporate priority: Economy	Enforcement policy compliance To provide assurance over the Council's enforcement activity and compliance with its policies and regulations on taking enforcement action. To include activity on Private Sector Housing (and implications of latest regulations) and empty homes. Coverage to include enforcement plans, policies, protocols and procedures; enforcement officer training and guidance; and enforcement policy compliance.	18	CR33 Risk register	Q1
Contingency	To enable some flexibility during the year to respond to changing risks environments/issues arising.	3		
Support to Harborough District Council	Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors. Includes contingency days.	35		
Management & development of delegated Internal Audit service	Development and management of Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.	20		

Table 2: Reserve list 2023/24

Assurance area	Basis for prioritisation	Action if not audited in 2023/24
Homelessness To provide assurance over the consistent and compliant handling of homelessness applications and the maximising of value for money in the procurement, and allocation, of temporary housing.	Audit of temporary accommodation completed in 2021/22, with some actions still open and subject to internal audit follow up.	Include in audit plan development for 2024/25.
Website content / policies To provide assurance over full and accurate publishing of latest policy documentation.	Area for management/operational oversight, with value of an audit considered lower than the assignments planned.	Known issue - management/operational oversight needed.
Corporate health and safety To provide assurance over compliance with the Health & Safety at Work Act.	Assurances already gathered on first aider coverage, risk assessments and fire marshals in 2022/23 Agile Working audit.	Include in audit plan development for 2024/25.
Safeguarding To provide assurance over the Council's safeguarding arrangements to ensure staff are suitably informed to raise safeguarding concerns and exercise relevant controls in key service areas to protect service users i.e. pre-employment checks / taxi licensing proper person checks.	Substantial Assurance opinion for design and compliance at last audit in 2019/20. Not risks noted on risk register that raise the risk profile.	Include in audit plan development for 2024/25.

Harborough District Council

Report to the Audit & Standards Committee 15 March 2023



Report Number:	Report 2
Title:	Internal Audit – progress and performance update
Status:	Public
Key Decision:	No
Report Author:	Mr Clive Mason. Director; Finance, ICT and Assets <i>On behalf of Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council</i>
Portfolio Holder:	Cllr James Hallam
Appendices:	Appendix A – Internal Audit Progress Report (Update) March 2023 Appendix B – Overdue Recommendations

Summary

- i. The Audit & Standards Committee is scheduled to meet four times a year, at each meeting Internal Audit reports its performance in respect of:
 - **the audit plan:** all assignments are now complete or in progress;
 - **customer satisfaction:** to date internal audits customers have accessed the service as Good or Outstanding, and for
 - **productivity:** current performance is 95% against a target of 90%.
- ii. In addition to performance, Internal Audit also reports on outstanding recommendations / actions. There are currently 14 actions that have not been implemented by the agreed implementation deadline; 2 of which are over 3 months since their implementation date and of “medium-priority”.

Recommendations

- iii. **The committee considers the Internal Audit Progress Report (Appendix A) and Overdue Recommendations (Appendix B) and comments as it considers necessary.**

Reasons for Recommendations

- iv. To support the Audit & Standards Committee's role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance, and professionalism of internal audit.

1. Purpose of Report

- 1.1 To update Members on progress against the 2022/23 internal audit plan, key findings of audits completed and status of outstanding recommendations.

2. Background

- 2.1 The Council's internal audit service is provided, under delegation, by North Northamptonshire Council. The Audit & Standards Committee (ASC) agreed a new delegation at the meeting held on 2nd February 2022 (link to report [here](#)). They are commissioned to provide 235 days to deliver the 2022/23 Annual Audit Plan, which was approved by ASC on the 2nd March 2022 (link to report [here](#)).

3. Detail

- 3.1 The following paragraphs summarise the main items discussed within the Internal Audit Progress Report (**Appendix A**) and commentary in respect of overdue recommendations (**Appendix B**).

Internal Audit Progress 2022/23

Audit Plan

- 3.2. Since the November Audit & Standards Committee meeting, four audit assignments have been finalised. Fieldwork is complete or underway on all assignments within the annual plan; these are shown below:

Audit Theme: Corporate governance and counter fraud

- National Fraud Initiative (NFI) – 2022 data upload complete.

Audit Theme: Key Corporate Controls and Polices

- Performance Management – final report issued;
- Information Governance – final report issued;
- IT Asset Management – final report issued;
- Procurement compliance – fieldwork underway;
- Key financial systems – fieldwork underway.

- Audit Theme:** **The People: A healthy, inclusive and engaged community**
- **Leisure services (embedded assurance)** – final report issued.
- Audit Theme:** **The Place: An enterprising, vibrant place**
- **Environmental Services contract management** – fieldwork underway but delayed until March - April 2023 at management request.
 - **Managing major projects** – fieldwork complete.
- Audit Theme:** **Council Priority: Innovative, proactive and efficient**
- **Strategic Partnering and Shared Services** – final report issued;
 - **Agile working** – final report issued;
 - **Online payments** – advisory work complete.

3.3 The Chief Internal Auditor has confirmed that the Audit Plan is on target to be achieved within the allocated 235 days.

Customer Satisfaction

3.4 Two audit questionnaires have been returned so far and the lowest rating is currently Good.

Productivity

3.5 The productivity target is 90%, performance to date is 95%.

Outstanding Recommendations.

- 3.5 Since the last report to committee, 10 actions have been implemented and 14 remain overdue. Of the 14 unimplemented actions:
- 4 were due to have been completed within the last 3 months, and
 - 10 are over 3 months since their implementation date. Of these 10, 2 recommendations are “medium priority” and are detailed in **Appendix B**.

4. Implications of Decisions

Corporate Priorities

4.1 Internal audit provides assurance to the council in respect of internal control and other governance issues, which directly supports the delivery of the Council’s corporate priorities.

Financial

4.2 There are no direct financial implications arising from this report. There are 14 recommendations (down from 19 in November 2022) that are outstanding and passed their implementation date; these are being followed up by the s.151 officer. However, as noted there are two medium priority recommendations that are over 3-months old and are expected to be dealt with shortly or as part of a wider project review.

Legal

4.3 There are no direct legal implications arising from this report.

Policy

4.4 There are no direct policy implications arising from this report.

Environmental Implications

4.5 There are no direct environmental implications arising from this report.

Risk Management

4.6 There are no direct risk management implications arising from this report. However, members must not that the audit approach is “risk-based” and an effective internal audit service is one means by which the Council is able to effectively manage risk.

Equalities Impact

4.7 There are no direct equalities implications arising from the report.

Data Protection

4.8 There are no direct data protection implications arising from the report.

Summary of Consultation and Outcome

4.9 The Chief Internal Auditor has consulted with the council’s s.151 officer in respect of performance, and senior managers for individual audit assignments. ASC were consulted in February 2022 in respect of preparing the 2022/23 Audit Plan, and approved the plan in March 2022.

5. Alternative Options Considered

5.1 No alternative options considered as none are appropriate.

6. Background papers

6.1 None



**Internal Audit Update
March 2023
Harbours District Council**

Introduction

- 1.1 The North Northamptonshire Council Internal Audit service has been commissioned to provide 235 audit days to deliver the 2022/23 Annual Audit Plan for Harborough District Council - and undertake other work commissioned by the Council, as required.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Standards Committee to scrutinise the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Consortium.

Performance

2.1 Delivery of the Audit Plan for 2022/23

Internal Audit has been set the objective of delivering at least 90% of the Internal Audit plans for 2022/23 to draft report stage by the end of March 2023. Management have requested that one of the audit assignments be delayed until March/April 2023 but all other assignments are on track for delivery in March. All outcomes will be reported to the Audit & Standards Committee in the Annual Internal Audit Report for 2022/23.

At the date of writing, a further four assignments from the plan have been finalised and fieldwork is complete on a further audit.

Progress on individual assignments is shown in **Table 1**.

2.2 Delivery within budget

Internal Audit is on target to deliver the audit plan within the 235 days budget. Any overruns on individual assignments are managed within the overall budget.

2.3 Client satisfaction

Customer satisfaction questionnaires are issued on completion of audits. At the time of reporting, two questionnaires have been returned - results are shown in table 2.

2.4 Productivity

As at the latest possible date for reporting purposes, current members of the audit team have been delivering 95% productivity against the target of 90%.

2.5 Outstanding audit recommendations

Since the last committee meeting, 10 agreed management actions have been closed. At the date of reporting, there are 14 agreed management actions that are due but yet to be confirmed as implemented. Of these, none are of a 'high priority' and two are of a 'medium priority'.

An analysis of the implementation of actions is provided in **Table 3**. Full details of all overdue medium priority recommendations are provided in **Appendix B**.

2.6 Summary of audit findings

IT Asset management

An accurate and complete ICT Asset Register/log should support the ICT team in exercising effective control over hardware and software owned by the Council. This should include complete, accurate and updated records of ICT equipment and software applications.

The objective of the audit was to provide assurance that controls are in place to ensure ICT hardware and software processes and procedures are consistently implemented and accurate records/register are maintained to ensure the accuracy and value for money.

New software was adopted in September 2022 for compiling and maintaining the Council's ICT Hardware Asset Register. Processes for recording and tracking hardware assets appear robust, with work still in progress to register all assets on to the register as accurately as possible.

Physical verification testing performed by Internal Audit, on a sample basis, confirmed that controls and records of new starters, leavers and internal movers affecting the ICT Hardware Asset Register were comprehensive and accurate. There is scope for procedure notes and a checklist to be developed to document and support the starters and leavers ICT procedures.

Based on discussion with officers and review of the relevant documentation, the Council's ICT Security Policy was approved by the Executive in August 2014. Therefore, a review and update of this documentation is required and is scheduled to take place by April 2023.

It was established that the ICT team have procedures in place for the safe installation of software. However, arrangements for the recording and effective ongoing maintenance of software assets in use on ICT devices across the Council requires development. This work has commenced as part of the ICT Transformation Programme. Services manage and maintain service specific software with minimal input by the Council's ICT department. The production of a software register is recommended as means of strengthening controls in this area going forward with both ICT officers and specific services inputting into this register.

Based on the audit findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Satisfactory	●
Compliance	Satisfactory	●
Organisational impact	Moderate	●

Leisure Project – Embedded Assurance Stage 2 Review – Delivery stage

The initial aim of the project was to have suitable leisure facilities and services in place at the expiry of the previous leisure trust contract in March 2019. However, following a failed procurement exercise in 2018 for the preferred option of a Design Build Operate and Maintain (DBOM) contract, the project was placed on hold due to concerns over affordability. Attempts to negotiate an extension of the trust management contract with Serco in 2018, as an interim measure, failed to reach agreement but a new three-year service only contract was subsequently procured and awarded to Sport and Leisure Management (SLM) commencing April 2019. The project then remained on hold whilst the Council reconsidered its options and was further delayed as a result of the Covid-19 pandemic. In September 2021, Cabinet agreed to proceed with the option of redevelopment and refurbishment of the existing sites at an estimated net capital cost of £9.75 million. In October 2021, Cabinet agreed an extension to the existing SLM contract for a further two years to 31st March 2024 to secure the continued provision of leisure services in the interim.

Review of the initiation stage of the project was reported in June 2022 and concluded that appropriate project management arrangements had been established - with ten recommendations for improvement. This review provides assurance that effective project management arrangements remain in place. Since the last review, staff changes at the Council have resulted in changes to key project roles, including the Project Sponsor and Project Manager. This has inevitably resulted in some disruption to the project as the new post holders necessarily take time to fully understand the project. Most of the stage one recommendations exceeded their implementation date and four are yet to be fully implemented. Whilst the project remains on-track overall, there has been some slippage in project milestones (partly due to factors outside of the Council's control) and further work is required to ensure there is a clearly allocated project budget and associated budget management and reporting arrangements going forward.

Based on the audit findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Good	●
Compliance	Good	●
Organisational impact	Minor	●

Strategic partnering and shared services

Partnership working is referred to in a number of areas in the Council's corporate plan, including activities related to community safety, health and wellbeing, energy efficiency and economic development. Effective governance arrangements therefore underpin a number of the Council's corporate objectives as well as ensuring accountability and value for money for local taxpayers. The last audit of partnership working was undertaken in 2014 and resulted in a substantial assurance opinion. This year's audit

seeks to provide assurance that appropriate controls remain in place for the effective governance of partnerships. The audit has focused on major service delivery partnerships using the revenues and benefits and parking enforcement partnerships as examples to test the Council's arrangements.

Based on the audit findings, a partnership policy is in place which establishes the basic governance principles to be adopted by the Council. However, the policy has not been updated since 2015 and could be improved by providing a better definition of partnership types and establishing clear criteria and processes for entering into and governing new partnerships. Officers are currently considering options for the future strategic management of the Council, including potential joint working, and should take the opportunity to develop a new partnership framework once the proposals have been agreed. Due to recent staffing changes, there is also a need to ensure that corporate responsibility and accountability for partnerships is clearly allocated going forward.

Existing partnerships and shared services are recorded in a formal partnership register which is reviewed and updated on an annual basis. The content of the register could be modified to provide additional information and to act as a management tool to ensure appropriate governance controls are maintained and that partnership agreements are reviewed and updated in a timely manner. The revenues and benefits partnership agreement expired in 2021 and the parking agreements are in need of review. Nevertheless, sound governance arrangements remain in place for these partnerships together with effective processes for risk management and performance reporting. These arrangements could be strengthened through the preparation of an annual partnership performance report for Members. In addition, further work is required to ensure that appropriate business continuity plans are in place for partnerships delivering critical services and that Information Sharing Agreements (ISAs) are put in place where necessary. All service delivery partnerships should be subject to periodic value for money reviews to ensure they continue to meet the Council's objectives and remain the optimal delivery vehicle.

Based on the audit findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Satisfactory	●
Compliance	Satisfactory	●
Organisational impact	Minor	●

Agile working

Agile working is a way of working in which an organisation empowers its people to work where, when and how they choose. It uses communications and information technology to enable people to work in ways, which best suit their needs without the traditional limitations of where and when tasks must be performed. The Council formally adopted an Agile Working Policy in August 2021 and this review considered lessons learnt from the agile working trial and sought assurance over

the arrangements in place for supporting staff in line with recommended practice, to support productivity and staff wellbeing.

Overall, the Council's agile working framework is well designed and outlined in a clear and comprehensive Agile Working Policy, that has been suitably communicated to staff and Members. There are mechanisms in place to manage employee and team performances and to maintain good communication with staff through weekly emails and all staff briefings. Testing indicated that line managers have adapted procedures to ensure good engagement with their teams through regular team meetings and 1-2-1s, either virtually or face to face.

Suitable arrangements are in place to protect the health and safety of both office and home workers through Display Screen Equipment (DSE) assessments, updated risk assessments and nominated fire marshalls and first aiders to ensure adequate cover when working in the office.

Employees have access to ongoing support and resources to support their physical and mental well-being, through a dedicated mental and physical wellbeing information page on the intranet, online training materials and access to an employee assistance programme.

All employees have been required to have an IT health check to ensure they have the appropriate equipment to work agilely. At the time of reporting, 87% of staff had had this check and steps are being taken to ensure this is completed by all employees. The roll out of the Microsoft Teams transformation project, to migrate all service areas over to Teams, started in October 2022 and remains ongoing.

Based on the audit findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Substantial	●
Compliance	Good	●
Organisational impact	Minor	●

Table 1 - Progress against 2022/23 internal audit plan

Assignment	Assurance sought	Budget days	Planned start	Planned reporting	Status	Assurance rating	Comments
Corporate governance and counter fraud							
National Fraud Initiative (NFI) support	To provide support in the oversight of data uploads and investigation of data matches.	15	As required	As required	Ongoing	Consultancy work	Data uploaded in October 2022
Key corporate controls and policies							
Key financial controls	To provide assurance over the design and compliance with key controls within the Council's financial systems. Undertaken on an annual basis, with a cyclical approach to testing. To provide s151 assurances.	30	January 2023	March 2023	Fieldwork underway		
Performance management	To provide assurance over the Council's new performance management framework – including the focus of performance indicators, completeness and accuracy of data and effective use of the new software.	12	June 2022	July 2022	Final report issued	Control environment: Good Compliance: Good Organisational risk: Minor	Reported at November 2022 committee meeting
Procurement compliance	To test compliance with Contract Procedure Rules and the Statement of Required Practice on the procurement of goods and services across the Council. To inform annual assurance opinion on value for money and counter fraud.	8	February 2023	March 2023	Fieldwork underway		
IT asset management	To provide assurance over the management and control of the Council's hardware and software assets – including security of devices and software licensing.	12	August 2022	September 2022	Final report issued	Control environment: Satisfactory Compliance: Satisfactory Organisational risk: Moderate	See section 2.6

Assignment	Assurance sought	Budget days	Planned start	Planned reporting	Status	Assurance rating	Comments
Information governance	To provide assurance over the Council's management of risks associated with data security and compliance with regulatory requirements.	15	April 2022	May 2022	Final report issued	Control environment: Satisfactory Compliance: Good Organisational risk: Minor	Reported at June 2022 committee meeting
The People: A healthy, inclusive and engaged community.							
Leisure services – embedded assurance review	To engage with the project and issue reports at key stages – including assurance over the management of risks, consultation and communications, procurement, use of resources and plans and governance and decision making.	15	Ongoing throughout year	Aligned with project	Final report issued	Control environment: Good Compliance: Good Organisational risk: Minor	See section 2.6
The Place: An enterprising, vibrant place.							
Environmental services contract management	To provide assurance over the management of this key contract and confirm the mechanisms in place to ensure services are delivered to the required standard and in line with contractual agreements.	18	November 2022	January 2023	Fieldwork underway		Postponed to March 2023 at management request
Managing major projects	To review the Council's procedures for managing major projects and assess compliance with key controls in ensuring projects are delivered on time, within budget and in accordance with Council policies, procedures and delegated decision making powers.	18	October 2022	November 2022	Fieldwork complete		
Your Council: innovative, proactive and efficient.							
Strategic partnering and shared services	To review the Council's strategic approach to engagement in partnerships and shared services and seek assurance over the consistent application of expected controls and governance in establishing such arrangements.	15	June 2022	August 2022	Final report issued	Control environment: Satisfactory Compliance: Satisfactory Organisational risk: Minor	See section 2.6

Assignment	Assurance sought	Budget days	Planned start	Planned reporting	Status	Assurance rating	Comments
Agile working	To assess lessons learnt from the agile working trial and assess arrangements in place for supporting staff against recommended practice, to support productivity and staff wellbeing.	12	October 2022	November 2022	Final report issued	Control environment: Substantial Compliance: Good Organisational risk: Minor	See section 2.6
Online payments	To provide light touch review/real time audit support on the roll out of new online payment portal and compliance with Payment Card Industry Data Security Standards.	7	To be confirmed	To be confirmed	Engagement concluded	Advisory work, as required	
Other support							
Contingency (note – used for grant claim verification work)		3					
Client management and support - support and reporting to Audit Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors.		35					
Audit management - development and management of the Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.		20					
TOTAL		235					

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance assurances		
Level	Control environment assurance	Compliance assurance
Substantial ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
Good ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory ●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational impact		
Level	Definition	
Major ●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.	
Moderate ●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.	
Minor ●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.	

Table 2: Customer satisfaction

At the completion of each assignment, the auditor issues a customer satisfaction questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The standard CSQ asks for the client's opinion of four key aspects of the assignment. The responses received in the year to date are set out below.

Aspects of Audit Assignments	Not applicable	Outstanding	Good	Satisfactory	Poor
Design of Assignment	-	1	1	-	-
Communication during Assignments	-	1	1	-	-
Quality of Reporting	-	1	1	-	-
Quality of Recommendations	1	-	1	-	-
Total	1	3	4	-	-

Table 3: Implementation of audit recommendations

	High priority recommendations		Medium priority recommendations		Low priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last committee meeting	0	-	6	75%	4	25%	10	42%
Actions due within last 3 months, but <u>not implemented</u>	0	-	-	-	4	25%	4	16%
Actions due <u>over 3 months</u> ago, but <u>not implemented</u>	0	-	2	25%	8	50%	10	42%
Totals	0	-	8	100%	16	100%	24	100%

Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Audit & Standards Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that the consortium are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention. As a consequence, the Audit & Standards Committee should be aware that the audit opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

APPENDIX B Audit & Standards Committee March 2023							
Audit:	Officer Responsible:	Grade:	Original Target Date:	Proposed Date:	Recommendation:	Agreed Action:	Latest Officer Update:
H- Temporary Accommodation 2021-22	Service Manager – Community Partnerships and Customer Services	Medium	30/09/2022	30/04/2023	<p>Procurement strategy - A procurement strategy should be produced in accordance with the relevant legislation and statutory guidance. Management may wish to consolidate the procurement strategy with the Council's temporary accommodation placements protocol – an example document has been shared with management.</p> <p>The strategy should be agreed with the Council's Commissioning Service Manager and approved by Cabinet, after which, it should be communicated to the relevant staff and applied accordingly going forward.</p>	Support the recommendation which will be actioned by the Senior Housing Advisor.	November 2022 - With the recent appointment to the previously vacant post of the Housing Manager, work will now continue to implement this action. To reflect the work required and the approval process it is recommended this action deadline be moved to April 2023.
H-Leisure Services 2021-22	Service Manager – Community Partnerships and Customer Services	Medium	31/10/2022		<p>Benefits realisation plan - Update the benefits realisation plan to include details of how the achievement of each benefit is going to be measured and the baseline position against which improvements will be judged.</p>	Support recommendation. Confirm baselines and measurements of success as part of Services Specification.	Being followed up by Internal Audit as part of ongoing Leisure project audit. At the time of latest audit report, the recommendation has not yet been implemented. The Project Manager stated that she intends to review and update the tracker in consultation with a small group of colleagues to ensure the stated benefits remain appropriate, achievable and measurable. This review has not yet been completed as priority has been given to other project tasks, such as preparing procurement documents and commissioning legal advice.

Harborough District Council

Report to Audit & Standards Committee Meeting of 15th March 2023



Title:	Internal Audit Charter and Strategy
Status:	Public
Key Decision:	N/A
Report Author:	Rachel Ashley-Caunt, Chief Internal Auditor Rachel.ashley-caunt@northnorthants.gov.uk
Portfolio Holder:	Cllr James Hallam
Appendices:	Appendix 1

Executive Summary
The report provides the Committee with the Internal Audit Charter and Strategy and seeks the Committee's approval, in line with the Public Sector Internal Audit Standards.
Recommendations
That the Audit and Standards Committee: 1.1 Approve the Internal Audit Charter and Strategy.
Reasons for Recommendations
To comply with the Public Sector Internal Audit Standards and the terms of reference of the Audit & Standards Committee.

1. Purpose of Report

To provide the Internal Audit Charter and Strategy for the Committee's review and approval, in line with the Public Sector Internal Audit Standards.

2. Background

The role of Internal Audit is to provide the Audit and Standards Committee, and management, with independent assurance on the effectiveness of the Council's governance, risk management and internal control environment.

The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes the position of Internal Audit's activity within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities.

As the Audit & Standards Committee is approving the Internal Audit Plan for 2023/24 at the March 2023 meeting, it was considered appropriate to also review the Charter which defines how those assignments will be delivered.

3. Details

The Internal Audit Charter and Strategy is subject to annual approval by the Audit and Standards Committee. Since the Committee last approved a Charter in September 2022, the content and format has been reviewed and whilst the content remains consistently aligned with the Public Sector Internal Audit Standards (PSIAS), some amendments have been proposed to the assurance ratings and their definitions, to achieve greater clarification.

The assurance category of 'Satisfactory Assurance' has been removed and replaced with 'Moderate Assurance'. It is the view of the Chief Internal Auditor that this better reflects the level of findings associated with this category and avoids potential interpretation that the control environment in these cases is acceptable without further action. The definitions have also been amended to reflect the risk management terminology and to provide greater clarity on the meaning of the opinion.

The organisational risk categories have also been amended from 'Major', 'Moderate' and 'Minor' to 'High', 'Medium' and 'Low', to better align with standard risk management frameworks and terminology.

4. Implications of Decisions

4.1 Corporate Priorities

The Internal Audit Plan will be linked to the Council's Corporate Priorities and these will inform the planning process.

4.2 Financial

Not applicable.

4.3 Legal

No legal issues directly arising from this report.

4.4 Policy

No policy issues directly arising from this report.

4.5 Environmental Implications including contributions to achieving a net zero carbon Council by 2030

No implications directly arising from this report.

4.6 Risk Management

The work of internal audit is informed by the Council's risk management framework and will seek to provide assurance over management of key risks.

4.7 Equalities Impact

No implications directly arising from this report.

4.8 Data Protection

No implications directly arising from this report.

5. Summary of Consultation and Outcome

No applicable.

6. Alternative Options Considered

Not applicable.

7. Background papers

None.





Internal Audit

Charter and Strategy

Executive summary

The Internal Audit Charter defines the purpose, authority and responsibility of Harborough District Council's Internal Audit service. It establishes the scope of the Internal Audit service and outlines how the service complies with statutory requirements, ethical and professional standards.

The key principles of Harborough District Council's Internal Audit service are as follows:

- Internal Audit provides an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control.
- Internal Audit provides advice and consultancy services with the aim of adding value and improving organisational governance, risk management and control.
- All Council activities fall within the scope of Internal Audit, and the Internal Audit service has a complete right of access to all records and property held by Harborough District Council and to all officers of the Council.
- Internal Audit operates in compliance with Public Sector Internal Audit Standards (PSIAS) and the Chartered Institute of Internal Auditors' Code of Ethics.
- Internal Audit is independent and may report directly to the Chief Executive and the Chair of the Audit & Standards Committee. Regular reporting on audit activity is provided to the Section 151 Officer, Corporate Management Team and the Audit & Standards Committee.
- Internal Audit team consists of qualified and part-qualified professionals in assurance and accounting. The service is committed to professional development and continuous quality assurance and improvement.
- Internal Audit staff have a professional duty to operate in an ethical way, be honest and professional and demonstrate integrity at all times.
- The Internal Audit Charter is regularly reviewed and approved annually by the Audit & Standards Committee and senior management.

1 Purpose, Mission Statement and Definition

Purpose of the Charter and Strategy

- 1.1 The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes Internal Audit activity's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities. The Charter and Strategy should enable Internal Audit to deliver a modern and effective service that:
- Meets the requirements of the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations;
 - Ensures effective audit coverage and a mechanism to provide independent and objective overall assurance in particular to Councillors and management;
 - Provides an independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment;
 - Identifies the highest risk areas of the Council and allocates available Internal Audit resources accordingly;
 - Adds value and supports senior management in providing effective control and identifying opportunities for improving value for money; and
 - Supports the Section 151 officer in maintaining prudent financial stewardship for the Council.

Internal Audit Mission Statement

- 1.2 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Definition of Internal Audit

- 1.3 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 Context

2.1 The Council's Internal Audit service is delegated to North Northamptonshire Council. The delegated service is led by North Northamptonshire Council's Chief Internal Auditor, who fulfils the role of the Chief Audit Executive.

2.2 The core governance context for Internal Audit is summarised as follows:

- **The Accounts and Audit Regulations (2015)** set out that:

A relevant authority must ensure that it has a sound system of internal control which—

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

And that:

A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

A relevant authority must, each financial year—

conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement.

- **The Public Sector Internal Audit Standards (PSIAS)** issued in 2017 include:

The need for risk-based plans to be developed for Internal Audit and to receive input from management and the 'Board' (usually discharged by the Council's Audit & Standards Committee).

The work of Internal Audit therefore derives directly from these responsibilities, including:

PSIAS 2010 - "The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."

PSIAS 2450 – "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 organisations framework of governance, risk management and control".

- 2.3 The definitions applied to the PSIAS terminology throughout this document are provided in Table 1.

Table 1: Definitions

Terminology	Definition for Harborough District Council
'Board', as per PSIAS	The Audit & Standards Committee
'Chief Audit Executive', as per PSIAS	The Chief Internal Auditor
'Senior management'	Corporate Management Team
'Assurance services'	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Areas for assurance include financial controls, performance, policy compliance, system security and due diligence.
'Consultancy services'	Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the Internal Auditor assuming management responsibility. Such examples would include advice, facilitation and training.

3 Strategy

- 3.1 Internal Audit will provide the public, Councillors and Council officers with confidence that Council operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. Where confidence is not possible the service will ensure that the implications and risks are understood to ensure proportionate action is taken. Internal Audit will be responsive to the Council's needs and the risks to which the Council is exposed.
- 3.2 Internal Audit is not responsible for the control systems it audits. Responsibility for effective internal control rests with the management of the Council. Directors and Service Leads are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve approved objectives / policy.
- 3.3 Internal Audit will provide a robust, high quality audit service that delivers honest, evidenced assurance, by:
- **Providing assurance**
There is value in providing assurance to senior managers and Members that the arrangements they put in place are working effectively, and in helping managers to improve the systems and processes for which they are responsible.
 - **Balancing independent support and challenge**
Avoiding a tone which blames, but being resolute in challenging for the wider benefit of the Council and residents.
 - **Focusing on what is important**
Deploying its resources where there is most value aligned to the corporate objectives and priorities, the processes to facilitate these and the key risks to their achievement, whilst ensuring sufficient assurance to support the Annual Governance Statement.
 - **Being flexible and responsive to the needs of the Council**
The Annual Plan will be reviewed quarterly enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and the board.
 - **Being outward looking and forward focused**
The service will be aware of national and local developments and their potential impact on the Council's governance, risk management and control arrangements. The Chief Internal Auditor leads on the internal audit provision for five local authorities, thereby providing opportunities to share good practice, lessons learned and emerging risks.
 - **Having impact**
Delivering work which has support from management and leads to sustained change.
 - **Strengthening the governance of the Council**
Being ambassadors for, and encouraging the Council towards, best practice in order to maximise the chances of achieving its objectives, including the provision of consultancy and advice.
 - **Enjoying a positive relationship with, and being welcomed, by the 'top table'**
Identifying and sharing organisational issues and themes that are recognised and taken on board. Working constructively with management to support new developments.

3.4 The Internal Audit Service maintains an ongoing and comprehensive understanding of:

- Local government / public sector issues;
- The Council and its community; and
- Professional Audit and Corporate Governance standards.

3.5 All staff within the Internal Audit service hold a relevant professional qualification, part qualification or are actively studying towards a relevant qualification. All participate in continuing professional development, both in relation to specific audit skills e.g. contract audit, and softer skills e.g. communication skills.

3.6 The mandatory core principles for the Professional Practice of Internal Auditing underpin the way in which the service is delivered and are embedded in ways of working, as detailed in this Charter. The principles ensure Internal Audit:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

4 Authority

- 4.1 In accordance with the PSIAS, the Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, the Audit & Standards Committee, and the senior management team.
- 4.2 Internal Audit's remit extends across the entire control environment of the Council.
- 4.3 Internal Audit has unrestricted access to all Council and partner records and information (whether manual or computerised systems), officers, cash, stores and other property, it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers without prior notice if necessary.
- 4.4 All Council contracts and partnerships should contain similar provision for Internal Audit to access records pertaining to the Council's business held by contractors or partners.
- 4.5 All Council employees are required to assist the Internal Audit service in fulfilling its roles and responsibilities.
- 4.6 The Audit & Standards Committee (as the Board) shall be informed of any restriction unduly placed on the scope of Internal Audit's activities which in the opinion of the Chief Internal Auditor prevents the proper discharge of Internal Audit functions.
- 4.7 The Chief Internal Auditor and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 4.8 To provide for independence, the day to day management of the Internal Audit Service is undertaken by the Chief Internal Auditor who reports to the Audit & Standards Committee. This accords with the Public Sector Internal Audit Standards which requires the Chief Internal Auditor to report to the very top of the organisation.
- 4.9 The Chief Internal Auditor has direct and unrestricted access to the Council's Chief Executive, Section 151 Officer, Directors, External Auditor and Audit & Standards Committee at their discretion, including private meetings with the Chair of the Audit & Standards Committee.

5 Ethics, independence & Objectivity

- 5.1 Independence is essential to the effectiveness of the Internal Audit service; as such, it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing or report content.
- 5.2 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 5.3 The Internal Audit service supports on corporate counter fraud activity for the Council. Internal Audit would often be best placed to lead on investigating whistleblowing referrals relating to fraud and corruption or financial impropriety.
- 5.4 In addition to the ethical requirements of the various professional bodies, each auditor is required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest and declare any potential conflict of interest on allocation of an audit. Any potential impairments to independence or objectivity will be declared prior to accepting any work and managed by the Chief Internal Auditor.
- 5.5 Internal Auditors also sign acceptance of the Internal Auditor's Code of Ethics on an annual basis.
- 5.6 Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, 'approve' procedures, install systems, prepare records, or engage in any other activity that may impair the Internal Auditor's judgment. Where auditors have previously been involved in any of these activities or consultancy work they will be prohibited from auditing those areas for at least two years. Where appropriate, audits are rotated within the team to avoid over-familiarity and complacency.
- 5.7 The Chief Internal Auditor will confirm to the Audit & Standards Committee, at least annually, the organisational independence of the Internal Audit service.

6 How the service will be delivered

Audit Planning

6.1 The audit plan guides the work of the service during the year. The planning principles are:

- Focusing assurance work on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage therefore at both strategic and key operational aspects;
- Maintaining up to date awareness of the impact of the external and internal environment on control arrangements;
- Using a risk assessment methodology to determine priorities for audit coverage based as far as possible on management's view of risk in conjunction with other intelligence sources e.g. corporate risk register;
- Taking account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising in a resource constrained environment there will be situations when not all needs can be met which is where risk management is key;
- Being flexible so that the plan evolves through the year in response to emerging risks and issues;
- Providing for the delivery of key commitments, such as any work that can be delivered in support of the external auditor thus reducing the external audit fee, and to deliver governance and counter fraud responsibilities; and
- Including provision for responding to requests for assistance with special investigations, consultancy and other forms of advice.

6.2 The number of available audit days to the Internal Audit Service will be reviewed to be sufficient to enable the audit service to deliver the risk based plan in accordance with professional standards.

6.3 In order to deliver the annual Audit Plan at the required quality and professionalism, Internal Audit strive to ensure that the team has the required mix of skills and experience. The use of external experts e.g. IT auditors compared to employing or developing these expensive resources in house is constantly under review to ensure that the service delivers a high quality product at best value for money. Future recruitment will take into account the expertise and skills required to fill any gaps within the current service.

6.4 The breadth of coverage within the plan necessitates a wide range of high quality audit skills. The types of audit work undertaken include:

- Risk based system audit
- Compliance audit
- IT audit
- Data protection audit
- Procurement and contract management audit
- Project and programme audits
- Fraud/investigation work
- Consultancy and advice

6.5 Internal Audit may procure external audit resource to enhance the service provision, as necessary.

Internal Audit Annual Opinion

6.6 Each year the Chief Internal Auditor will provide a publicly reported opinion on the effectiveness of governance, risk and control, which also informs the Annual Governance Statement. This will be supported by reliable and relevant evidence gathered through all work undertaken by Internal Audit during the year and any other sources of assurance that the Chief Internal Auditor can place reliance upon.

Conduct of work

6.7 The principles of how the Internal Audit work is conducted are:

- Focusing on what is important to the Council and in the ultimate interests of the public;
- Ensuring that risks identified in planning are followed through into audit work;
- Agreeing the scope, objectives and any limitations of audit coverage at the outset of every assignment, which will be documented in an audit planning record. This record will be approved by the relevant Director, and will set out the risks which will be covered within the audit fieldwork;
- Ensuring that the right skills and suitable approaches are in place for individual assignments;
- Applying an informed, unbiased approach to sample selection and audit testing;
- Striving continuously to foster buy-in and engagement with the audit process;
- Ensuring findings and facts reported are accurate and informed by a wide evidence base, including requesting information from other stakeholders, where appropriate;
- Informing management of key findings at the earliest, appropriate opportunity;
- Suggesting actions to address findings which are pragmatic and proportionate to risk, tailored for the best result and taking into account the culture, constraints and the cost of controls;
- Focusing, as a rule, on ensuring compliance with existing/expected processes and systems and reducing bureaucracy rather than introducing additional, unnecessary layers of control;
- Being resolute in challenging; taking account of views, escalating issues and holding position when appropriate;
- Driving the audit process by agreeing, and delivering to, deadlines and escalating non-response promptly in order to complete assignments; and
- Maintaining high standards of behaviour at all times and operating in line with the Council's Code of Conduct and Equality and Diversity policies.

Reporting

6.8 The reports produced by the service are its key output. The reporting principles are:

- Providing balanced evidence-based reports which recognise both good practice and areas of weakness;
- Reporting in a timely, clear and professional manner;
- Ensuring that reports clearly set out assurance opinions on the objectives/risks identified in planning work;
- Always seeking management's response to reports so that the final report includes a commitment to action;
- Sharing outcomes with senior management and Members, identifying key themes and potential future risks so that audit work has impact at the highest levels; and

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- Sharing learning with the wider organisation with a view to encouraging best practice across the Council.

6.9 A written report will be prepared and issued following the conclusion of each Internal Audit engagement, including follow up audits; unless in the opinion of the Chief Internal Auditor a written report is unnecessary.

6.10 Each report will:

- provide an evidenced opinion on the adequacy of the governance, risk and control processes;
- identify inadequately addressed risks and non-effective control processes;
- detail agreed actions including explanation for any corrective action that will not be implemented;
- provide management's response and timescale for corrective action;
- provide management's explanations for any risks that will not be addressed; and
- Identify individuals responsible for implementing agreed actions.

6.11 Each draft audit report will be issued to the lead officer and Service Lead for initial comments, responses to recommendations and agreement of accuracy. A final draft will be issued to the Director for agreement and sign off. Alternative reporting arrangements can be agreed to incorporate specific officers and/or additional senior management leads, as appropriate, where agreed in the scoping of the audit and audit planning record.

6.12 Senior Management shall ensure that agreed corrective actions are introduced.

6.13 Periodic summary reports are issued to the Audit & Standards Committee. In consultation with the Audit & Standards Committee Chair, senior management from the respective service area may be invited to attend the Audit & Standards Committee meeting in respect of any reports receiving an opinion of Limited Assurance or below.

6.14 To assist the reader in easily identifying the areas that are well managed and the significance of areas of concern, actions, objectives and overall assurance opinions are categorised using three key elements as summarised below (and set out in detail at Annex A):

- 1) Assess and test the **control environment**;
- 2) Test **compliance** with those control systems; and
- 3) Assess the **organisational impact** of the matters arising.

Actions / Recommendations

6.15 Recommendations made by Internal Audit are categorised dependent on the associated risk. The definitions are as provided in Annex B. For each recommendation made, a management response is sought, and an agreed action plan is finalised within the audit report. This must include owners and dates for implementation.

Follow up

6.16 All actions are followed up in accordance with the agreed action implementation dates. Further follow ups are undertaken as required. Management are asked to provide evidence when a High or Medium category action has been fully implemented.

Quality assurance

6.17 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- Professional standards and Code of Ethics required by auditor's respective professional bodies;
- Internal Audit Strategy, Charter and Audit Manual; and
- All relevant legislation.

6.18 The Chief Internal Auditor maintains an appropriate Quality Assurance Framework and reports on this annually. The framework includes:

- An audit manual - documenting ways of working and expected standards
- Staff supervision and review arrangements
- Customer feedback arrangements
- Quality standards and performance measures, including:
 - Proportion of audit plan completed
 - Productive/direct time as a % of total time
 - Customer satisfaction levels
- Annual internal review
- Periodic external reviews

6.19 The completion of every assignment shall be monitored against:

- end to end time
- days taken to complete
- time between key audit stages e.g. draft issue to final report issue
- customer satisfaction

6.20 The Audit & Standards Committee, senior management and the Section 151 Officer receive regular updates on audits completed, the assurance opinions and actions implemented. Weak and limited opinion reports and key actions not implemented are discussed in more detail as appropriate with management, the Section 151 Officer and / or the Audit & Standards Committee.

6.21 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of its activity. This consists of:

- ongoing performance monitoring;
- an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards (PSIAS);
- an external assessment at least once every five years by a suitably qualified, independent assessor;
- a programme of Continuous Professional Development (CPD) for all staff to ensure that auditors maintain and enhance their knowledge, skills and audit competencies;
- the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a member of CIPFA) and being suitably experienced; and
- encouraging, and where appropriate acting upon, customer feedback.

7 Audit & Standards Committee oversight

- 7.1 The Chief Internal Auditor will provide regular progress reports to the Audit & Standards Committee to advise on the delivery of the audit plan, the outcomes of each Internal Audit engagement, and any significant risk exposures and control issues identified during audit work.
- 7.2 The Chief Internal Auditor will also provide an annual report giving an opinion on the overall adequacy and effectiveness of the control environment which will be timed to support the Council's Annual Governance Statement. In addition, the Audit & Standards Committee will:
- approve any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken;
 - approve, but not direct, changes to the audit plan;
 - be informed of results from the quality assurance and improvement programme; and
 - be informed of any instances of non-conformance with the Public Sector Internal Audit Standards.

8 Counter fraud and associated issues

- 8.1 The Chief Internal Auditor will ensure that all work is undertaken in accordance with, and all staff are conversant with, the Council's Counter Fraud policies and culture, including:
- Anti-Fraud and Corruption strategy
 - Bribery Act policy statement
 - Whistleblowing policy
 - Anti-Money Laundering Policy
- 8.2 All Internal Audit staff will be alert to the possibility of fraud during assignments, but auditors are not responsible for identifying fraud.

Annex A

Internal control assessment

Control Environment Assurance	
Level	Definitions
Substantial	There is a sound system of internal control to support delivery of the objectives.
Good	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.
Moderate	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.
Limited	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.
No	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.

Compliance Assurance	
Level	Definitions
Substantial	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

Organisational Impact	
Level	Definitions
High	The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low	The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

Audit recommendation categories

Category	Definition
High	Requires actions to avoid exposure to substantial risks in achieving objectives for the area.
Medium	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low	Action recommended to enhance control or improve operational efficiency.

