

Internal Audit Annual Report



2017/18

Contents

Section	Title	Page No
1.	Introduction	1
1.1	The Definition & Role of Internal Audit	1
1.2	Professional Standards	1
2.	Internal Audit Assurance for 2017/18	2
2.1	Context	2
2.2	Resources	2
2.3	Internal Audit Opinion	3
2.4	Scope of Internal Audit Opinion	3
2.5	Basis of the Opinion	3
2.6	Level of Audit Coverage during the year	5
2.7	Assurance Levels	6
2.8	Other Internal Audit Work	6
2.9	Investigations	6
2.10	Advisory / Consultancy Work	6
2.11	Fraud Awareness	7
2.12	Internal Audit Performance	7
	Appendix A : Internal Audit Assurance Level	8
	Appendix B : Internal Audit Opinions and Agreed Actions 2017/18	9
	Appendix C : PSIAS – Quality Assurance Improvement Programme	10

1 Introduction

1.1 The Definition and Role of Internal Audit

The definition of Internal Auditing in the Public Sector Internal Audit Standards (PSIAS) is as follows:

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

The role and responsibilities of the Flintshire County Council's Internal Audit Service are outlined in the Internal Audit Charter, which has been approved by the Audit Committee and is part of the Constitution. It also specifies the department's independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.

The role of Internal Audit is to provide an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the framework of internal control, risk management and governance. Internal audit is therefore a key part of Flintshire County Council's assurance cycle, and if used effectively, can inform and update the organisation's risk profile. Internal Audit is just one of the sources of assurance available to the Council and Audit Committee, that assists the Council prepare the Annual Governance Statement.

1.2 Professional Standards

The professional responsibilities for Internal Auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland. Public Sector Internal Audit Standards (PSIAS) are based on these Standards.

The Standards require the Audit Manager to develop a Quality Assurance and Improvement Programme (QAIP), designed to enable an evaluation of Internal Audit's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years. Internal assessments must include:

- Ongoing monitoring of the performance of the Internal Audit activity; and
- Periodic self-assessments

Ongoing monitoring of performance is in place. The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set and actual performance reported to quarterly Audit Committee meetings.

An external assessment of Flintshire's Internal Audit Service against the Standards is required every five years. This was undertaken in March 2017 by the Chief Internal Auditor, Ceredigion County Council and the final external assessment report was presented to audit committee in June 2017.

The external assessment advised that the Internal Audit Service is currently conforming to 329 standards, with four partial conformance and one non-conformance and five suggestions for further improvement. The area of non-conformance had already been identified during the internal self-assessment, as the need to undertake assurance mapping within the Council. Due to limited available resources the deadline for completion has been deferred to March 2019. As a consequence the impact of the non-conformance is not considered to be significant and the Internal Audit Service of Flintshire County Council complies with the Standards in all significant areas and operates independently and objectively.

A self-assessment against the Standards has been completed and the results reported to the Audit Committee in March 2018. The Internal Audit Service was self-assessed as being generally conforming. The assessment included a review of the QAIP, actions taken from the previous year and maintained continuous improvement against the QAIP components.

The QAIP reflects the actions following the external assessment and the annual self-assessment. This was presented to audit committee in March 2018 and within Appendix C of this report.

Overall internal and external assessment concluded:

Following both the internal self-assessment and the external assessment, the Internal Audit Service Generally Conforms to the Standards.

That means that the relevant structures, policies and procedures of the department, as well as the processes by which they are applied, comply with the requirements of the standards and of the Code of Ethics in all material respects.

General Conformance does not require complete/perfect conformance, the ideal situation, etc.

2 Internal Audit Assurance for 2017/2018

2.1 Context

The Internal Audit Service to Flintshire County Council is required to provide the Council (through the Audit Committee) with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving that opinion it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

There have been no limitations made on the scope of Internal Audit coverage during the year.

2.2 Resources

At the start of the year in April 2017, the department continued to hold one full time vacant post for a Principal Auditor (the Principal Auditor acted up to Interim Internal Audit Manager). In July 2017, the Principal Auditor was appointed as the Internal Audit Manager and a new Principal Auditor appointed and started in March 2018. During this year, both the Internal Audit Manager and the part time Principal Auditor (by working additional hours), covered the duties of the vacant post over a sixteen month period. This reduction in resources was reflected in the 2017/18 audit plan and this was reported to Audit Committee in March 2017; however, sufficient work was undertaken in order for me to draw a reasonable conclusion on the adequacy and effectiveness of Flintshire County Council's arrangements.

2.3 Internal Audit Opinion

For the year ending 31 March 2018, based on the work we have undertaken, my opinion is that Flintshire County Council has overall an adequate and effective framework of governance, risk management and control.

Three audits were given a 'red' assurance level during the year (2016/17 four audits & 2015/16 six audits), where an urgent system revision was required. These audits were spread across portfolios indicating that weaknesses are not concentrated in any one area. Whilst these audits indicated areas where controls needed to be improved, they are not significant in the context of the Authority's whole control environment.

2.4 Scope of the Internal Audit Opinion

In arriving at that opinion, I have taken into account:

- The results of all internal audits undertaken during the year ended 31 March 2018 (see Appendix B for a summary of audit opinions and number of agreed actions);
- The results of follow-up action taken in respect of audits from previous years;
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks;
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or Council;
- No limitations have been placed on the scope of Internal Audit;
- No resource constraints have been imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- Where weaknesses have been identified I am happy that appropriate action plans are in place to address those weaknesses and to mitigate risks.
- During 2017/18, 235 actions were raised and 158 (67%) were implemented to date. The remaining have not reached the due date.

2.5 The Basis of the Opinion

In reaching this opinion the following factors were taken into particular consideration:

Governance

A Corporate Governance Working Group operated during the year and were charged with updating and co-ordinating the annual governance self-assessment, and preparing the annual governance statement in line with the seven principals from the CIPFA/SOLACE guidance on 'delivering good governance' in Local Authorities in Wales released in 2016.

The group was chaired by the Corporate Business & Communications Executive Officer, and members included the Internal Audit Manager, Democratic Service Manager, Corporate Business and Communications Support Officer, IT Business Services Manager, Senior Manager Human Resources and Organisational Development and a Principal Accountant. The group updated the Council's Code of Corporate Governance, then prepared and drafted the Annual Governance Statement. The group issued corporate governance self-assessment assurance questionnaires to Chief Officers and Chairs of Overview and Scrutiny Committees, reviewed and challenged the responses and reported the results. This process provided an opportunity for senior officers to consider the effectiveness of governance arrangements. The group also considered the overall assurance framework. The Statement explains how Flintshire County Council complies with its own Code of Corporate Governance, in line with the seven principles and also meets the requirements of the Accounts and Audit (Wales) Regulations 2018.

The Council is subject to external inspections by WAO, Estyn, and CIW. Assessments undertaken by WAO are both on a local and national level where the Council may be part of thematic review. Regardless of whether the Council is directly involved, the Council performs a self-assessment against the reports' findings issued.

The Annual Improvement Report (AIR) summarises the audit and regulatory work undertaken at the Council by the Wales Audit Office. At the time of this report, the 2017/18 AIR had not been published; however, verbal feedback from WAO has confirmed that there are no significant issues arising which would raise concern.

The last report was published in July 2016. Overall the Auditor General for Wales has reached a positive conclusion. *"The Council is meeting its statutory requirements in relation to continuous improvement"*. No formal recommendations were made during the year. There were four new voluntary proposals for improvement. An executive response to the reviews is set out.

Information Governance – The IT service is required to have independent certification to enable Flintshire County Council to connect to the Public Services Network (PSN). External Assurance is provided by PSN on an annual basis through an annual assessment and subsequent issue of a certificate. Ongoing monitoring and testing is also carried out internally on a quarterly basis by IT Services to ensure ongoing compliance with PSN requirements.

Risk Management

A revised Risk Management Policy and Strategy was issued during 2017/18, with an enhanced risk escalation process included. Quarterly progress reports against the Improvement Plan have been presented to Overview and Scrutiny Committees. In November 2017, Internal Audit issued a report on risk management. This review focused on the identification, management and reporting of operational risks including the process for recording and escalating risks outside of the control of operational managers. The report gave an Amber/Green assurance level – key controls in place but some fine tuning required.

My annual opinion is also informed by the number of risk based audit assignments completed during the year.

Internal Control

Audits were carried out in all areas of the Council during the year. The overall level of control found in audit assignments this year was good. 70% of audits resulted in a 'green' or 'amber green' assurance level. No area stood out as being worse than the others. In all cases the findings were reported to the Audit Committee. During 2017/18, 235 actions were raised to improve the internal control, risk management and governance arrangements across the authority of which 158 actions have been implemented. Implementation of actions continue to show a high degree of compliance with the agreed timescales. Summary results are given in Appendix B, together with definitions of the assurance levels (Appendix A).

2.6 Level of audit coverage during the year

The number of reviews / audit work in each area of the Council is detailed in the table below.

Audit Coverage							
Review Type	High	Medium	Annual	A&C	New	Deferred	Total
Corporate	1		1	1	1		4
Community and Enterprise	3	3	2			1	7
Education and Youth	1	1	4		1		7
Governance	3	2	1	1	1	2	6
Organisational Change 1	1	2		2		2	3
Organisational Change 2	2	3		2	1	3	5
People and Resources	2	2	4	5	4	3	14
Planning and Environment	2	3		1	1	1	6
Social Services	2	2		1		1	4
Streetscene and Transportation	2	4		2	4	3	9
External			1	1			2
Total	19	22	13	16	13	16	67
	70						

The original annual plan showed 70 audits / areas of work to be undertaken. The approach to managing the audit plan changed for 2017/18 and this was approved by Audit Committee in March 2017. It was agreed that the plan would be reviewed quarterly with Chief Officers and their senior management team. All high priority audits would be undertaken and any new requests for audit assistance would be considered and replace (where applicable) Medium priority audits. This approach worked well. In total 13 new requests for additional advisory / consultancy / audit work were received and undertaken. During the year, changes to the plan were reported back to audit committee.

Status of 2017/18 Audit Plan					
Priority	Completed	In Progress	Deferred	Ongoing *	Total
High	9	7	3		19
Medium	7	2	13		22
Annual	10	2	-	1	13
Advice & Consultancy	9	-	-	7	16
Position Original Plan	35	11	16	8	70
New Requests	9		2	2	13

* Due to the nature of this work, the advice and consultancy is provided on an ongoing basis e.g. membership of a working group.

There is always a time lag in terms of the dates of audits. The audit plan for the following financial year will always include work carried over.

Carried forward work, additional audits and deferrals always make a comparison of actual work completed against the plan more difficult. However, within 2017/18, including carry forward work, 60 final reports were brought to the Audit Committee and at the time of this report a further 11 reviews were near completion or draft awaiting finalisation. Overall the 2017/18 plan was substantially completed.

All the deferred audits were considered during the planning meetings for the 2018/19 to 2021/22 audit strategic plan and included as part of the risk assessment when forming the strategy.

2.7 Assurance Levels

The definitions for the assurance levels are given in Appendix A of this report. The tables in Appendix B show the assurance opinions and number of agreed actions made in 2017/18.

2.8 Other Internal Audit Work

In addition to the reviews analysed in the Appendix B, we have also carried out the following internal audit work during the year.

Area of Work	Comments
Schools Control Risk Self-Assessment (CRSA)	CRSA Self-Assessment carried out. Responses received from 60 Primary schools and 13 Secondary Schools
Schools Audits	6 school audits
Investigations	See 2.9 below
National Fraud Initiative	63 days on work relating to National Fraud Initiative
Advisory work	124 days on advisory work in the year
Grant audits	1 audit of grants (Education Improvement Grant)

2.9 Investigations

At the start of the year there were four live investigations. During the year ten more were started and ten were completed leaving four ongoing investigations at the end of the year.

Of the ten new investigations three were in Streetscene and Transportation, four related to Community and Enterprise and three to Social Services.

2.10 Advisory / Consultancy work

This includes work that, in some cases, does not result in an audit report and or assurance opinion however adds value to the Authority by contributing to working groups or providing advice. Examples include:

- Advice on GDPR Project Group and Board
- Membership of the Corporate Governance Working Group
- Membership of Accounts Governance Group
- Membership of the E-Procurement Board
- Membership of the Programme Co-ordinating Group
- Advice to County Hall Campus Working Group
- Advice on Alternative Delivery models and Community Asset Transfers
- Advice on the Council's approach to method and forecasting statements
- Advice on the security of HRC sites
- Consultancy work on the solar farm

It should be noted that the number of days spent on advisory work (124 days for 2017/18) has increased progressively over the last three years (79 days for 2016/17, 46 days for 2015/16) and demonstrates the noticeable rise in requests for Internal Audit to become involved in emerging issues and working with the organisation to ensure a robust control environment is in place.

2.11 Fraud Awareness

All fraud related policies; Whistleblowing, Anti-fraud and Corruption Strategy and Fraud Response Plan are published on the Infonet. The policies are reviewed on a regular basis and scheduled for review in 2018/19. At the request of Social Services, the Awareness of Whistleblowing training was provided during 2017.

2.12 Internal Audit Performance

The performance of the department against performance measures and targets is set out below.

Performance against target is reported to each quarterly Audit Committee, and is summarised in the table below. Most targets were met or within 20% of the target as reported in the quarterly performance reports.

Performance has been affected by the temporary loss of staffing resources and reallocation of duties. One of the Principal Auditors has taken flexible retirement and the other full time Principal Auditor acted up, for part of the year, as Internal Audit Manager as this post had not been back filled. This has resulted in Senior Auditors carrying out peer reviews of audit projects reducing time spent on project work and impacting on work performed within planned days.

There has been a decline in the time taken for departments to return draft reports. This however is more a reflection of the detailed work undertaken and greater stakeholder involvement and should not be seen negatively.

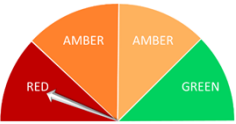
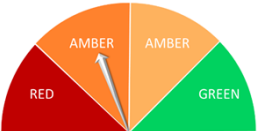
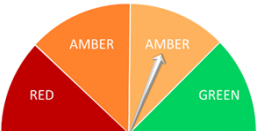
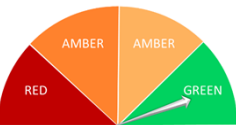
Internal Audit Performance Indicators

Performance Measure	Q1	Q2	Q3	Q4	17/18 Total	17/18 Target
Reported to Committee	June 17	Sept 17	Jan 18	Mar 18		
Audits completed within planned time	71%	60%	88%	83%	76%	80%
Average number of days from end of fieldwork to debrief meeting	17	15	11	9	13	20
Average number of days from debrief meeting to the issue of draft report	5	14	2	3	6	5
Days for departments to return draft reports	10	11	7	7	9	7
Average number of days from response to issue of final report	1	2	2	2	2	2
Total days from end of fieldwork to issue of final report	39	34	27	27	32	34
Productive audit days	79%	74%	82%	78%	78%	75%
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%
Return of client satisfaction questionnaires	66%	75%	75%	57%	68%	70%

Levels of Assurance – Standard Audit Reports

Appendix A

The audit opinion is the level of assurance that Internal Audit can give to managements and all other stakeholders on the adequacy and effectiveness of controls within the areas audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits will be reported to the Audit Committee.

Level of Assurance	Explanation
<p>Red – Limited</p> 	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p> <p>Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p>Amber Red – Some</p> 	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p>Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p>Amber Green – Reasonable</p> 	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p> <p>Follow Up Audit: 51-75% of actions have been implemented. All high priority actions have been implemented.</p>
<p>Green – Substantial</p> 	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p> <p>Follow Up Audit: 75%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p>Categorisation of Actions</p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p>Value for Money</p>	<p>The definition of Internal Audit within the Audit Charter includes 'It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.' These value for money findings and recommendations are included within audit reports.</p>

Internal Audit Opinions and Recommendations 2017/18

Appendix B

Auditable Area	Number of Reports & Audit Opinions						Priority & Number of Agreed Actions			
	Red	Amber -	Amber +	Green	Advisory - No Opinion Given	In Total	High	Medium	Low	In Total
Community & Enterprise	2	1	0	2	2	7	4	18	11	33
Corporate	0	0	3	0	1	4	0	8	8	16
Education & Youth	0	1	8	2	2	13	1	32	33	66
Governance	0	1	2	0	0	3	0	11	0	11
Organisational Change 1 & 2	0	0	2	0	2	4	0	1	5	6
People & Resources	0	3	3	0	2	8	0	12	10	22
Planning & Environment	1	2	2	1	1	7	4	13	15	32
Social Services	0	0	1	1	3	5	0	2	5	7
Streetscene & Transportation	0	1	2	0	4	7	1	13	5	19
External	0	0	1	0	1	2	0	4	4	8
Total	3	9	24	6	18	60	10	114	96	220

PSIAS –Quality Assurance Improvement Programme (QAIP)

Appendix C

Actions from External Assessment March 2017 and self-assessment February 2017– questions not scored as conforming

Ref	Conformance with the Standard	Compliance	Planned Actions	Responsible Officer	Timescale	Comment
1100 (EA)	The Service does not currently stipulate that “advice / recommendations are provided without prejudice to the right of Internal Audit to review and make further recommendations at a later date” after providing a consultation service in an area that may be later audited.	Suggestion	The Service could consider using the suggested statement in reports. This would clarify to clients that request a consultation service that the assurance provided is not absolute and it does not exempt them from a future audit in the same area of work. (1100)	LB	Implemented	This statement is now included in any consultancy report issued.
1310 (EA)	Does the QAIP include both internal and external assessment?	Partial	Continue internal assessments, external assessment to be completed by 2017/18. (1310)	LB	Implemented	External Assessment completed in March 2017. Internal assessment continues to be undertaken. The results from both assessment are included within the QAIP.
1320 (EA)	Quality Assurance and Improvement Programme- The annual internal self-assessment and resulting improvement plan are currently reported to the Audit Committee together, although the PSIAS state that the results of the QAIP and progress against any improvement plans must be reported in the “annual report”.	Suggestion	Although it is acknowledged that it may cause duplication of work, the Section should consider including the self-assessment improvement plan in its Annual Report along with the other performance targets and measures that are currently in place to monitor Internal Audit’s activities to give a full picture of its QAIP. (1320)	LB	Implemented	Whilst it is felt this is a duplication since the Quality Assurance Improvement Plan (QAIP) is reported to AC each year in March, reference was made to the QAIP in Internal Audit Annual Report in June 2017 and will continue each year.
2120	Has the internal audit activity evaluated the potential for fraud	Partial	Improve awareness of fraud. Collect data on fraud	LB	Implemented	Fraud risk analysis is undertaken as part of each audit review.

Ref	Conformance with the Standard	Compliance	Planned Actions	Responsible Officer	Timescale	Comment
	and also how the organisation itself manages fraud risk?		risk.(2120)		Implemented March 2019 March 2019	Whistleblowing training has been delivered to Social Services. Anti-Fraud and Corruption Strategy and Fraud Response Plan is due for review during 2018/19. Once reviewed, this will be launched on Council's Infonet. Develop an online reporting solution which would support digital and customer strategies during 2018/19.
2400 (EA)	Communicating Results- The Service cited a benefit of allowing one of the 'timing' performance indicators (PIs) to run over the set target.	Suggestion	The Service should consider reviewing the performance indicator to ensure it is meaningful.(2400)	LB	Implemented Ongoing	The PI's were reviewed in September 2017 and two were amended to reflect ways of working. As part of the Welsh Chief Internal Auditors group a separate review is being undertaken to assess the effectiveness of all PIs. The committee will be updated once this review has been completed.
2050 (SA & EA)	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Non Compliance	Assurance mapping to be completed in 2017.(2050)	LB	March 19	Not achieved. This was originally planned for March 2018; however, due to the change in Management and a vacancy for a Principal Auditor for the last 16 months, this will be deferred until March 2019.
1000 (EA) (SA)	The internal audit charter does not define the term 'senior management', for the purposes of the internal audit activity. (EA)	Partial	(EA) The Service could insert a definition in the Independence & Authority (para 6, point 5) of the IA Charter, or revise the Charter by inserting a catch-	LB	July 18	The Charter will be reviewed to: <ul style="list-style-type: none"> Define the term of Senior Management. Deferred from March 2018 to July 2018. Include reference to auditing a third party (Aura / NEWydd).

Ref	Conformance with the Standard	Compliance	Planned Actions	Responsible Officer	Timescale	Comment
	The Audit Charter does not make reference to auditing a third party. (SA)		<p>all statement such as “For the purposes of Internal Audit activity, the Audit Committee is equivalent to the ‘Board’ and the Chief Officers’ Team constitutes ‘Senior Management’. (1000) LGAN</p> <p>(SA) Following the transfer out of Leisure & Libraries and Cleaning & Catering Services, the Charter needs to be updated to define the nature of the assurance provided to Aura and NEWydd. (1000.A1)</p>			
1110 (EA)	The PSIAS specifically requires the Chief Executive to undertake, countersign, contribute feedback to or review the Audit Manager’s performance appraisal (PSIAS 1110 – S/A point 6). It is required that feedback is also sought upon the appraisal from the Chair of the Audit Committee (PSIAS 1110 – S/A point 7).	Partial	The issue has been discussed with the Interim Internal Audit Manager. It is acknowledged that due to the governance structure of the Authority, the current procedure has been deemed sufficient. However, this may be re-addressed to achieve full conformance with the PSIAS in future.(1110)	LB	Implemented	<p>The current procedure has been deemed sufficient given the Chief Officer Governance and the Chief Executive attend each Audit Committee meeting. Direct contact is also in place between the Internal Audit Manager with the Chief Officer, Governance, the Chief Executive and the Chair and Vice Chair of the Audit Committee. Any performance issues would be addressed immediately rather than wait for a formal appraisal. This point was picked up for the Internal Audit Managers appraisals (May 2018).</p> <p>In relation to the appointment of the Internal Audit Manager, the Chair of the</p>

Ref	Conformance with the Standard	Compliance	Planned Actions	Responsible Officer	Timescale	Comment
2110 (SA & EA)	Internal Audit reviews the activities in place that manage and monitor the effective implementation of the organisation's ethics and values.	Partial	(SA) Review as part of CGWG – review of Code of Corporate Governance. (EA) The Service needs to undertake a review to evaluate the design, implementation and effectiveness of the Council's ethics related objectives, programs & activities. (2110.A1)	LB	Ongoing	Audit Committee, Chief Executive, and Chief Officer, Governance were involved. Audit work is based on the Council's objectives and priorities and covers areas in the Code of Corporate Governance such as organisational, performance management, and communication of risk and control information. Whilst ethics is considered as part of routine audits, a specific review on ethics and values has been included within the 2018/19 audit plan.
1120 (EA)	The regular rotation of work between officers has not been documented in the Service's Charter.	Suggestion	The Service could insert an additional statement under the 'Independence and Authority' section of the Charter confirming regular rotation of work is usually adhered to in order to further enhance independence and objectivity. (1120)	LB	Ongoing	Whilst the Audit Charter will be updated to address this point (July 2018), it should be acknowledged that ensuring independence and objectivity is a priority within the team; however, in some instances a conscious decision has been made to use the same auditor for key system reviews to develop expertise and specialism within the team as this adds value to the audit and reduces resources.
2110 (EA)	ICT projects are included in the audit plan, which, together with other ICT assurances, support the organisation's strategies and objectives. However, this is not currently noted in the Annual Report.	Suggestion	To support the annual opinion further, the Section could consider noting the assurance gained from the ICT audit work undertaken during the year in the 'Governance' section of the Annual Report. (2110.A2)	LB	Implemented	Reference to external IT assurance is referenced within the Internal Audit Annual Report for 2017/18.

Ref	Conformance with the Standard	Compliance	Planned Actions	Responsible Officer	Timescale	Comment
2330 (EA)	The Service has its own documentation retention policy which is currently a stand-alone document.	Suggestion	The Section could consider inserting the audit retention policy in full in the Audit Manual which is the document that ensures all internal audit staff are adequately informed on the Service's methodology, policies and procedures.(2330.C1)	LB	July 18	The document retention policy is currently under review to ensure compliance with GDPR. The Audit Manual will be updated to include the retention policy as an appendix.