

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 30 June 2022

From: GROUP AUDIT MANAGER

INTERNAL AUDIT ANNUAL REPORT 2021/22

1.0 EXECUTIVE SUMMARY

- 1.1 ***This report provides a summary of the outcomes of the work of Internal Audit for 2021/22 and includes the Head of Internal Audit's opinion on the effectiveness of the Council's arrangements for governance, risk management and internal control in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).***
- 1.2 ***The annual opinion of the Head of Internal Audit: based on the work undertaken by internal audit during 2021/22, the Group Audit Manager is able to provide reasonable assurance over the effectiveness of the Council's arrangements for governance, risk management and internal control.***
- 1.3 ***In coming to this opinion, it is noted that:***
- a) ***Overall, 80% of audits with an assurance rating (including schools) have received a substantial or reasonable rating. Only 1 audit review in 2021/22 was given our lowest assurance level of 'limited' and this related to a school.***
 - b) ***Overall, 79% of Risk Based Audits (excluding schools) resulted in Reasonable or Substantial assurance, with 21% resulting in Partial assurance. This shows an improvement on 2020/21 outcomes where 71% received substantial or reasonable assurance.***
 - c) ***The work of internal audit, and other sources of assurance, is considered to have given an appropriate level of coverage across the Council to provide the opinion. The opinion is based on 25 reviews (76% of audits that would have had a scored assessment for 2021/22).***
 - d) ***The Head of Internal Audit's declaration of conformance with the mandatory PSIAS.***
 - e) ***Safeguards have been put in place to mitigate any perceived threats to Internal Audit's independence in the year to which this opinion relates.***
 - f) ***Actions have been agreed in respect of individual audits. Summaries of the outcomes of all completed audits during the year are included at Appendix 1 (those shaded in grey have previously been reported).***

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 Internal Audit's work is designed to provide assurance to management and members that effective systems of governance, risk management and internal control are in place in support of the delivery of Council Plan priorities.**
- 2.2 The Audit Plan aims to deliver a programme of internal audit reviews designed to target the areas of highest risk as identified through the corporate risk register together with management and internal audit view of key risk areas.**
- 2.3 The Accounts and Audit Regulations (2015) require the Council to 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. These standards are the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) to the Standards.**
- 2.4 Regular reporting to Audit and Assurance Committee enables emerging issues to be identified during the year.**

3.0 RECOMMENDATION

- 3.1 Members are asked to note:**
 - a) The progress in delivering the 2021/22 audit plan and the outcomes of completed audits set out at Appendix 1.**
 - b) The Head of Internal Audit's opinion of reasonable assurance over the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control for the year ended 31 March 2022.**
 - c) The Head of Internal Audit's declaration of conformance with the mandatory PSIAS.**
 - d) The Head of Internal Audit's declaration of safeguards put in place to protect Internal Audit's independence as required by the PSIAS.**
 - e) The results of the Quality Assurance and Improvement Programme.**

4.0 BACKGROUND

- 4.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require the Council to 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. These standards are the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) to the Standards.
- 4.2 Internal Audit is responsible for providing independent assurance to the Council's senior management and to the Audit and Assurance Committee on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies, procedures and checks to ensure that controls are operating effectively.
- 4.4 The internal audit plan for 2021/22 was prepared using a risk-based approach and following consultation with senior management to ensure that internal audit coverage is focused on the areas of highest risk to the Council. The plan has been prepared to allow the production of the annual internal audit opinion as required by the PSIAS.
- 4.5 This report provides an update on the work of internal audit up to 31 May 2022 and includes a summary of the outcomes of audit reviews completed in the period. This includes work carried forward from the 2020/21 audit plan.

Annual Opinion of the Head of Internal Audit on the Council's Arrangements for Governance, Risk Management and Internal Control

- 4.6 The purpose of this report is to give my opinion as the Head of Internal Audit for Cumbria County Council on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control based on the work undertaken by Internal Audit for the year ended 31 March 2022. This annual opinion from the designated Head of Internal Audit is a requirement of the PSIAS which states that 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."
- 4.7 In giving this opinion, it should be noted that assurance can never be absolute, and it is not possible to give complete assurance. My opinion is based on the work undertaken by Internal Audit during the year, including the outcomes of follow up work and evidence gained from other sources.

Risk Management

- 4.8 The Council's 'Risk Management Policy 2020-23' remained in place throughout 2021/22. The Policy document was last approved at the July 2020 Risk Owners Group and updates included refreshed Risk Management principles as well as the minimum expected risk management requirements as defined within the Performance & Risk Management Framework. The content of this Policy remained valid during 2021/22 and the next full review of the Policy was planned to take place in February 2023, but this will now not happen due to local government reorganisation.
- 4.9 The Risk Management Policy continues to sit alongside the Council's Performance and Risk Management Framework. This framework provides links between strategic planning and service delivery, including the effective management of risks and opportunities that could impact on corporate or service delivery. The Policy sets out the aim, objectives, scope, principles, roles, responsibilities and delivery mechanism for Risk Management across the Council.
- 4.10 The Risk Owners Group (ROG) has continued to operate throughout 2021/22, on a virtual basis. The aim of ROG continues to be challenging and approving the quarterly corporate risk register before presenting to DMTs, CMT and the Audit and Assurance Committee. Annually, the Group leads the refresh of the corporate risk register by evaluating the ongoing relevance of the risks to the Council Plan Delivery Plan and the changing needs of the Council, and to identify any new or emerging strategic risks as they arise.
- 4.11 The 2021/22 Risk Refresh showed that COVID-19 would continue to dominate the refreshed 2021/22 risk register, impacting the delivery of services either directly or indirectly. At the same time, the risk relating to exiting the EU transition period without a deal was removed from the register. Two new risks were added to the risk register during 2021/22 in terms of 'Achieving Net Zero Greenhouse Gas Emissions by 2037' and 'The impact of Local Government Reorganisation on the sustained quality provision of Council Services'. By the end of Quarter 3, two corporate risks linked to the Health & Social Care sector reached the highest risk score of 25, reflecting the ongoing impact of COVID-19 and other factors on staffing capacity.
- 4.12 Corporate risks continue to be reviewed on a quarterly basis by the Risk Owners themselves, the Risk Owners Group, Directorate Management Teams (DMTs), Corporate Management Team (CMT), the Leader and Deputy Leader of the Council, informal Cabinet Briefing and formally by the Audit and Assurance Committee. During 2021/22 all Audit and Assurance Committee meetings returned to an in-person format.
- 4.13 Deep dive reviews of the most critical corporate risks are presented to the Audit & Assurance Committee at its meetings, and these have continued during 2021/22. These have included presentations on the fragility of the social care sector, Children's safeguarding and the impact of local government reorganisation on the sustained provision of Council services.
- 4.14 The Council has continued its work on improving risk management in various areas including the ongoing development of Directorate Risk Registers, especially within the Economy & Infrastructure (E&I) Directorate during

2021/22. Work has continued on improving operational risk management by supporting various directorate and service areas. Training was provided to the new E&I Business Support Manager, who then supported the refresh of the E&I Directorate and service area risk registers in 2021/22.

- 4.15 Our work during the year has identified a mixed picture on service / operational risk management across the Council. The key areas for improvement include ensuring that service / operational risks are complete, reviewed on a regular basis, that evidence of this review is clearly documented, and that mitigation of risks is always documented in risk registers.
- 4.16 Corporate Training was provided to the E&I Extended DMT managers as part of a Performance & Risk Management workshop in May 2021, the main focus being risk management. Additionally, risk management training is also available as an e-learning course. Specific and specialist areas of corporate risk related training has continued during 2021/22 driven by the direct or secondary impact of COVID-19 and mandatory Data Security training for all County Council staff as well as the LGR Programme Management Office.
- 4.17 During 2021/22 the Council's Risk Appetite has remained the same. A risk appetite statement defines the appetite for risk taking and the agreed levels of tolerance to ensure the Council develops appropriate risk mitigation strategies and systems of control. Responding to COVID-19, and more recently Local Government Reorganisation, has been the priority in 2021/22 but officers will continue to review risk appetite statements from other authorities, Partner Organisations and work with Zurich Municipal to evaluate best practice.

Governance

- 4.18 The Council has a Constitution in place. This is reviewed on an ongoing basis by the Constitutional Review Group with any changes to specific parts of the Constitution approved by the full Council.
- 4.19 The Constitution includes a suite of documents setting out the governance arrangements in place for decision making, standards of conduct, rules and procedures and policies and protocols. The Constitution includes Codes of Conduct setting out expectations of members and officers, an Anti-Fraud, Bribery and Corruption Policy and Whistleblowing policy.
- 4.20 Arrangements are in place to engage with stakeholders and partners through a combination of joint working arrangements, partnership boards and the annual appointment to external organisations including local NHS bodies and neighbourhood forums.
- 4.21 The Chief Executive, Chief Legal Officer and Director of Finance (Section 151 Officer) meet as the Council's Corporate Governance Group (which comprises its statutory officers, the Head of Paid Service, Monitoring Officer and Section 151 Officer), to oversee the effectiveness of governance arrangements and deliver improvements. All three statutory officers have changed during 2021/22 including the appointment of two new Chief Executives. The changes in the key statutory officers has meant that the

Corporate Governance Group (CGG) has met less frequently than usual, with the only meetings in 2021/22 being on 17 May 2021 and 28 March 2022. The meeting on 28 March 2022 discussed the approach to the preparation of the 2021/22 Annual Governance Statement (AGS) and also the work of the CGG going forward. It has been agreed that the Corporate Governance Group will meet bi-monthly going forward, with the next meeting scheduled for 27 June 2022. It should be noted that the Corporate Management Team (CMT) maintains an overview of governance with specific items coming forward as appropriate from the CGG or directorates.

- 4.22 The Council has a Local Code of Corporate Governance 2018-22 in place. The Council refreshed its Local Code of Governance in 2018 to align with the CIPFA / SOLACE publication; Delivering Good Governance in Local Government which was updated in 2016. The Code is due to be reviewed in June 2022 and will be extended so that it applies up to the end of March 2023.
- 4.23 In recent years there have been continued improvements made to areas such as operational risk management, performance management and maintenance of policies, protocols, strategies and procedures. It is important to ensure that all procedure notes are in place, as required, and that they are periodically reviewed to ensure that they are up to date and where required that they are approved. This is increasingly important as we go forward with local government reorganisation, as the way some services are delivered may look different and procedure notes will need to be updated to reflect this change.

Internal Control

- 4.24 Based on the 24 completed reviews there are 79% which have received a substantial or reasonable rating. If we included the one report issued in draft, there are 80% which have received a substantial or reasonable rating. Only one audit review in 2021/22 was given our lowest assurance level of 'limited' and this related to a school.
- 4.25 Of the 19 risk based audits (excludes schools) completed, or at draft report stage, 15 received reasonable or substantial assurance (79%), whilst 4 resulted in partial assurance (21%). This shows an improvement on 2020/21 outcomes where 71% received substantial or reasonable assurance.
- 4.26 We have completed 6 follow ups and the outcome of audit follow ups has shown that 3 (50%) have resulted in improved assurance ratings and are now reasonable assurance whilst the other 3 (50%) have remained at partial assurance. Although, not as positive a position as the previous year, it reflects specific issues around staffing changes / capacity and the impact of COVID on the ability to progress the implementation of recommendations.

Internal Audit Opinion 2021/22

- 4.27 I am satisfied that sufficient audit work has been undertaken, supported by consideration of other sources of assurance, to allow me to provide an opinion on the adequacy and effectiveness of the Council's risk management, governance and internal control for 2021/22.
- 4.28 A key part of my annual opinion is that it is an independent opinion on the adequacy and effectiveness of the Council's risk management, governance and internal control. It is therefore essential that any actual or perceived threats to Internal Audit's independence is addressed and mitigated. We have considered two separate issues in 2021/22. They are:
- As reported in previous years the Group Audit Manager is a friend, and ex-colleague, of the Senior Manager – Pensions and Financial Services. They may well separately attend the same events as part of a wider group of friends. This creates a perceived threat of independence, and this has been mitigated by putting in place safeguards, including the Group Audit Manager having no audit involvement with areas such as pensions and treasury management, with any audit work in these areas managed by one of the Audit Managers. This safeguard means the remaining perceived threat to independence and objectivity is low
 - The partner of one of our senior auditors is responsible for managing one of the areas that had a follow up review in 2021/22. The senior auditor had no involvement in this audit and the work was undertaken by another member of the audit team and managed by one of the Audit Managers
- 4.29 Audit Opinion statements available to me using the agreed Internal Audit reporting methodology are:
- **Substantial Assurance** – sound frameworks of governance, risk management and internal control are in place and are operating effectively.
 - **Reasonable Assurance** - frameworks of governance, risk management and internal control are generally sound with some opportunities to further develop the frameworks or compliance with them.
 - **Partial Assurance** - weaknesses in the frameworks of governance, risk management and / or internal control have been identified or there are areas of non-compliance with the established control framework which place the achievement of system / service objectives at risk.
 - **Limited Assurance** - there are significant gaps in the governance, risk management and/or internal control frameworks or there are major lapses in compliance with the control framework that place the achievement of system / service objectives at significant risk.
- 4.30 Based on my consideration of the evidence it is my opinion is that I can provide reasonable assurance over the adequacy and effectiveness of the systems for governance, risk management and internal control operated by the Council in 2021/22.

Basis of the Opinion

- 4.31 The opinion is based on the work undertaken by internal audit during the year, which was based on the audit plan approved by Audit & Assurance Committee on 11 March 2021. In addition, consideration has been given to other sources of assurance such as our ongoing work in 2021/22, the draft Annual Governance Statement 2021/22 and any external inspections.
- 4.32 COVID-19 has continued to have some impact on the delivery of Council services during 2021/22, with some services much more affected than others. The Chartered Institute of Public Finance and Accountancy (CIPFA) has not issued any additional guidance to be considered in giving the 2021/22 Head of Internal Audit opinion. However, consideration must always be given as to whether the Head of Internal Audit is able to issue a complete annual opinion in accordance with professional standards or whether there would need to be a limitation of scope. CIPFA states 'A limitation of scope arises where the Head of Internal Audit is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with professional standards'.
- 4.33 In assessing whether I can give my Head of Internal Audit opinion for 2021/22 without a limitation of scope I have considered the following:
- **Have I sufficient assurance across each of the three aspects of the opinion; governance, risk management and internal control** – Yes - as outlined earlier in this report we have been able to consider and update our view on all three areas. In doing so we have been able to draw on the audit reviews completed, and in draft, for 2021/22, other sources of assurance and our other work, such as grants certification, also provides additional assurance.
 - **Have I obtained sufficient assurance across significant areas of operation of the Council** Yes – throughout 2021/22 we have considered whether we had sufficient coverage across the five directorates. Where we have needed to do so we have re-prioritised work to ensure that we had sufficient coverage. A later table shows the coverage across the Directorates.
- 4.34 In overall terms, my opinion is based on 25 reviews, completed or at draft stage (compared with 27 reviews for 2020/21). This represents 76% of audit reviews that would have been given a scored assessment in 2021/22. It is my view that, given the need for some officers and directorates to respond to the ongoing impact of COVID-19 and the work required around local government reorganisation, it is unlikely that the Council would have had the capacity to be able to support any more audit activity than has been delivered.
- 4.35 I am satisfied that there has been sufficient coverage across the directorates, and consideration of other sources of information, to allow me to provide an opinion without any limitation of scope.

4.36 The audit plan was prepared using a risk based approach designed to provide assurance over the areas considered to be of highest risk to the Council.

Internal Audit Coverage and Outcomes

4.37 The audit plan for 2021/22 was approved by the Audit & Assurance Committee on 11 March 2021. The annual opinion is based on the audits completed, and in draft, from the plan at 31 May 2022 and includes work from the 2020/21 plan where reports were finalised after the 2020/21 audit opinion was prepared.

4.38 The table below shows the outcomes of the finalised and draft audit reports at 31 May 2022, including the 6 schools audits.

Assurance level	Completed reviews	Draft reports	Completed and Draft reviews
Substantial	1	0	1
Reasonable	18	1	19
Partial	4	0	4
Limited	1	0	1
TOTAL	24	1	25

4.39 The annual opinion is based on the outcomes of 24 completed reviews and 1 report issued in draft. This represents 76% of audits that would have had a scored assessment and is considered sufficient to provide an audit opinion.

4.40 The table below shows the outcomes of the finalised and draft audit reports at 31 May 2022, across the directorates.

Directorate	Completed reviews	Draft reports	Completed and Draft reviews
People	11	0	11
Corporate, Customer & Community Services (CC&CS)	2	0	2
Economy & Infrastructure	8	0	8
Cumbria Fire and Rescue Service (CFRS)	1	0	1
Finance	2	1	3
TOTAL	24	1	25

- 4.41 We have concluded that, based on the table above, for 2021/22 we have had a sufficient level of coverage across the 5 directorates.
- 4.42 The 2021/22 audit plan originally included 57 reviews. In December 2021 the 2021/22 audit plan was reduced to 56 reviews. At the end of January 2022, it was identified that some reviews would not be started at 31 March 2022 and in re-assessing the audit plan for 2021/22 it was reduced to 46 reviews.
- 4.43 In addition to the 25 reviews shown in the tables above we have also completed the following other work including:
- review of risk management arrangements
 - advisory work on Lateral Flow Testing (LFT) arrangements
 - certified or provided assurance on 13 grants claims, including 3 relating to additional specific funding for COVID-19
 - contributing to the ongoing development of the Council's anti-fraud strategy and fraud risk assessment
 - acting as key contact and co-ordinator for the mandatory NFI exercise
 - Group Audit Manager being the workstream lead on local government reorganisation for internal audit and finance legacy tasks.

Statement of Conformance with the Public Sector Internal Audit Standards

- 4.44 The risk based approach has been designed to ensure all internal audit work is conducted in accordance with the Public Sector Internal Audit Standards (PSIAS). All audit work has been conducted in line with the agreed audit methodology and has been subject to Quality Assurance checks by internal audit management.

Results of the Quality Assurance and Improvement Programme (QAIP)

- 4.45 The Public Sector Internal Audit Standards require that the 'Chief Audit Executive' must develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity'. For the Shared Internal Audit Service the Chief Audit Executive is the Group Audit Manager.
- 4.46 The QAIP is designed to provide assurance that the work of internal audit is undertaken in conformance with the Public Sector Internal Audit Standards.

4.47 The PSIAS require that a Quality Assurance and Improvement Programme is in place to provide reasonable assurance that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards, Definition of Internal Auditing and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and continually improving Internal Audit's operations as well as contributing to the organisation achieving its objectives.

4.48 The QAIP is documented in Appendix 4 and progress with the findings arising from the November 2017 External Quality Assessment is included as Appendix 5.

Richard McGahon, Group Audit Manager

June 2022

APPENDICES

Appendix 1: Summary of Final reports issued to 31 May 2022

Appendix 2: Progress on completion of planned work 2021/22

Appendix 3: Internal audit performance measures

Appendix 4: Quality Assurance and Improvement Programme

Appendix 5: External Quality Assessment (EQA) findings update

IMPLICATIONS

Staffing: none

Financial: none

Property: none

Electoral Division(s): none

Executive Decision

	No*
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Key Decision

	No*
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If a Key Decision, is the proposal published in the current Forward Plan?

		N/A*
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Is the decision exempt from call-in on grounds of urgency?

	No*
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If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?

		N/A*
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Has this matter been considered by Overview and Scrutiny?
If so, give details below.

	No*
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PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS
[including Local Committees]

No previous relevant decisions

CONSIDERATION BY OVERVIEW AND SCRUTINY

Not considered by Overview and Scrutiny

BACKGROUND PAPERS

No background papers

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APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
REPORTS INCLUDED IN THE 2020/21 ANNUAL OPINION BUT FINALISED AFTER 31 MAY 2021					
These reports were in the 2021/22 audit plan but was sufficiently progressed to be included in 2020/21 opinion as a draft report but only finalised in 2021/22.					
Community Development Centres (CDC) – Governance arrangements	Reasonable	0	0	0	Details previously reported to the Audit and Assurance Committee meeting on 14 June 2021.
Child and Family Support Services contract management	Reasonable	0	3	3	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Managing Construction Health & Safety compliance - Building Construction	Reasonable	0	3	0	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Managing Construction Health & Safety compliance - Highways and Construction	Reasonable	0	2	0	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Follow up - Children with additional needs	North Cumbria (Reasonable) South Cumbria (Partial)	1	9	0	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
These reports were in the 2020/21 audit plan and were included in 2020/21 opinion as a draft report but only finalised in 2021/22.					
Data Protection Compliance	Partial	1	7	0	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Schools deficit recovery plans	Reasonable	0	3	1	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Significant contract review - external fostering framework	Reasonable	0	2	1	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Safeguarding Adults	Partial	2	4	1	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
CORPORATE / CROSS CUTTING					
Review of Lateral Flow Testing (LFT) Arrangements in place at April 2021 in response to the Covid-19 pandemic	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
PEOPLE DIRECTORATE					
High Needs Block (EHCP budget management)	Partial	2	3	0	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
St Bridget's RC School, Egremont	Reasonable	0	8	3	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Ellenborough and Ewanrigg Infants School	Reasonable	0	2	3	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
St. Benedict's Catholic High School, Whitehaven	Reasonable	0	7	6	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Parkview Nursery School	Reasonable	0	4	2	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Lakes School, Windermere	Limited	3	10	1	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Sufficiency of Early Years places	Reasonable	0	4	1	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Follow up - Personal budgets	Reasonable	0	3	1	
<p>The assurance level has improved from partial to reasonable. There were 7 recommendations in the original report (2 high, 4 medium and 1 advisory). One of the high priority recommendations has been fully implemented and sufficient progress has been made on the other high priority for it to be re-graded as a medium priority recommendation. Of the four original medium priority recommendations one has been fully implemented, one has been partially implemented and sufficient progress has been made for this to now be an advisory recommendation, whilst two recommendations have not been implemented.</p> <p>The three medium priority recommendations made in the follow up report related to:</p> <ul style="list-style-type: none"> • Including a named risk owner with responsibility for managing the personal budget risk on the Adult Social Care (ASC) Operational Risk Register and documenting the monthly review and discussion of the risk register at the ASC Leadership Team meetings • Ensuring that performance monitoring and reporting of personal budgets is fit for purpose and supports the active management of personal budget assessments, support plans and annual reviews against expected outcomes and targets • Putting in place arrangements to regularly monitor and report on completion of training on care and support planning requirements by Adult Social Care staff. <p>Management will continue to monitor progress on implementing the recommendations.</p>					
Follow up – Client affairs	Reasonable	0	0	2	
<p>The assurance level has improved from partial to reasonable. There were 8 recommendations in the original report (2 high, 5 medium and 1 advisory). The two high priority recommendations have been fully implemented. Of the five original medium priority recommendations three have been fully implemented with the other two having been partially implemented and sufficient progress has been made for these now be advisory recommendations.</p>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Follow up – Safeguarding Adults	Reasonable	0	1	0	
<p>The assurance level has improved from partial to reasonable. There were 7 recommendations in the original report (2 high, 4 medium and 1 advisory). The two high priority recommendations have been fully implemented. Of the four original medium priority recommendations three have been fully implemented with the other one having been partially implemented and this remain a medium priority recommendation.</p>					
St Marks School, Natland	Reasonable	0	7	2	
<p>Summary of controls that were operating effectively:</p> <ul style="list-style-type: none"> • Documented financial guidance notes have been prepared to describe financial systems and procedures • Documented contractual arrangements are in place and have been considered within the Full Governing Body (FGB) minutes • Governors declarations of interest had been published on the School’s website as required • The School’s medium-term budget has been approved by the Council’s Assistant Director – Schools and Learning • The School has a Leadership and Management Committee to support the Governing Body in fulfilling its responsibilities for financial oversight, support and change • Financial returns are forwarded to the Schools Finance Team on a timely basis • The School’s Counter Fraud and Whistleblowing policies have been reviewed and are available on the School’s website • The 2020/21 School’s Financial Value Standard Assessment forms were completed, appropriately signed and submitted to the Schools Finance Team in advance of the 31st March 21 deadline • There is a documented debt recovery and write off policy / procedure in place 					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
St Marks School, Natland (Cont'd)	Reasonable	N/A	N/A	N/A	
<p>Summary of controls that were operating effectively (Cont'd):</p> <ul style="list-style-type: none"> • The School has a service level agreement for the payroll service • VAT is separately recorded in the School's accounting system and only reclaimed where the purchase invoice shows a VAT registration number • The School has a current registration with the Information Commissioner's Office under the Data Protection Act. <p>Medium priority recommendations were made in the following areas:</p> <ul style="list-style-type: none"> • Declaration of interest (DOI) forms had not been completed for all governors. The opportunity to make a declaration of interest is not a standing agenda item for the Leadership and Management Committee meetings • The Leadership and Management Committee Terms of Reference do not state the date of review or the person carrying out the review. The Terms of Reference have not been approved by the FGB • FGB minutes do not include sufficient detail of the School's financial position and there is no evidence of the approval of key financial policies • The Financial Procedures Manual included as a signatory a staff member who had left the school • The financial reports examined did not include sufficient detail or any narrative commentary on variances. Future expenditure commitments were also not included. The School is not carrying out monthly financial monitoring as required by the Cumbria Scheme for Financing Schools • The School Fund accounts had not been independently audited since 2017-18. • Copies of purchase orders could not be provided for half of the paid invoice sample tested. Where purchase orders were provided, they did not contain all the required information. <p>The expectation, agreed at the time the report was finalised in April 2022, was that the 3 of the medium priority recommendations would be implemented by the end of April 2022 with the other 4 implemented by the end of May 2022.</p>					

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Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
CORPORATE CUSTOMER AND COMMUNITY SERVICES DIRECTORATE					
Corporate Complaints system	Reasonable	0	2	2	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Payroll	Reasonable	0	6	0	
<p>Summary of controls that were operating effectively:</p> <ul style="list-style-type: none"> • There is segregation of duties in place for maintaining and updating the staffing establishment and updating the payroll system • Payroll payments are only made to authorised posts / positions on iTrent • Official new starter forms and leaver proformas are completed for all starters and leavers • Leavers are removed from the payroll promptly • Payroll administration staff receive an induction and on the job training • There is a timetable for processing payroll data • Variations, adjustments, non-statutory deductions (i.e. pensions etc) and overtime are recorded on ticket requests, paper timesheets or direct input timesheets • Payroll reconciliations are carried out on a regular and timely basis and subject to independent review. Payroll transactions are accurately reflected in the general ledger • Payroll access controls are in place to restrict entry to the payroll system. 					

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Payroll (Cont'd)	Reasonable	N/A	N/A	N/A	

Medium priority recommendations were made in the following areas:

- There is no formal scheme of delegation for approving payroll forms. Instead Payroll Administration staff refer to the management hierarchy in iTrent to check that approvals are appropriate. There was not always a record of the recruiting/line manager's approval on the HR02 (Appointment) form or a record of the payroll source document approvers on the chain of management on the iTrent staff hierarchy. In addition, in some cases, employees had submitted their own timesheets after their managers approved these
- Payroll procedures and associated forms for processing payroll are in need of review and development. Procedures are not always kept up to date, there is no record of when they were last reviewed, and they are sometimes inconsistent with working practices and not linked and cross-referenced to payroll forms and internal checklists. In some cases there are no documented procedures e.g. on exception reporting and permanent variation etc. The forms used for processing payroll are not aligned to current working practice in terms of who approves them
- New starters contracts of employment are not always signed and returned by the employee and HR advised that it was best practice for this to be done. There is no monitoring and reporting on the return of signed contracts of employment. We were informed that the Council's standard employment contract needs updating to meet national standards and People Management and Legal Services are currently working on this. We also found one example of a new starter where only an offer letter was documented, and no contract of employment was in place.
- There is no record on the Bank Account Creations and Changes reports to show that checks are undertaken to verify new starters' bank details and changes to existing employees bank details. There was also no record of any changes that had been made as a result of the reviews
- One user out of a sample of 5 still had access to input time to the payroll system even though access was no longer required following a change of role. Payroll system access reports not regularly issued to Payroll/SC managers to review and confirm that access rights remain appropriate.
- No formal, documented risk assessment has been carried out to identify cover requirements for key roles / tasks in payroll due to staff absences / shortages.

The expectation, agreed at the time the report was being finalised in March 2022, was that the 3 medium priority recommendations would be implemented by the end of April 2022, 1 in June 2022, 1 in July 2022 with the last one implemented in September 2022.

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
ECONOMY AND INFRASTRUCTURE DIRECTORATE					
Growth Hub Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Travel Demand Management Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
EU Transition Business Growth Hub Funding Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Growth Hub Supplementary Funding Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Peer Network Funding Grant 2020/21 for Cumbria LEP	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Additional Dedicated Home to School Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Trading Standards - Approved Premises Inspection process	Substantial	0	0	1	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.
Operator's Licence	Reasonable	0	5	3	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Renewi waste contract – Governance arrangements	Reasonable	0	2	3	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Highways Conditions Inspections	Reasonable	0	6	1	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Bus Service Operators Grant (BSOG)	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Disabled Facilities Grant (DFG)	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Local Transport Capital Funding BLOCK 2020/21 Grant	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Grants - TIIF Highways Maintenance Challenge Fund - Specific Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
DfT Pothole and Challenge Fund 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 7 December 2021.
Grants - Additional Home to School Transport Survey - Final Reconciliation Process	N/A	N/A	N/A	N/A	Audit report issued on 8 November 2021.
Follow up – CNDR Connect	Partial	2	7	0	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.
Bridges and Structures	Reasonable	0	3	0	Details previously reported to the Audit and Assurance Committee meeting on 24 March 2022.

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Carlisle Southern Link Road (CSLR) - governance arrangements	Reasonable	0	3	0	<p>Internal Audit previously reviewed the governance arrangements for CSLR at the end of 2020 and concluded that these only provided partial assurance. The report included 3 high priority and 10 medium priority recommendations to improve governance arrangements. Since the previous audit, a new CSLR Project Director (a council employee) has started in post (July 2021) and a contract for the first stage of a design and build contract has been awarded. It is estimated that the total cost of the CSLR project to be substantially more than the funding in place, mainly as a result of the increased cost of materials required for the project. A revised business case has been submitted to Homes England to request additional funding but if the extra funding is not obtained the CSLR project will not be able to continue.</p> <p>Summary of controls that were operating effectively:</p> <ul style="list-style-type: none"> • Project Board meetings are held regularly, scheduled in advance and project information is regularly reported at Project Board meetings • A project plan is in place, including project stages / activities and timescales for these • Appropriate senior officers of the County Council are involved in the project (several Assistant Directors and members of the Corporate Management Team are on the Project Board) • Members are kept informed about the project on a regular and timely basis • The Finance Subgroup has met regularly, and in line with its terms of reference, since its inception • Regular weekly meetings are held with the main contractor and are documented • Project risks are reviewed on a regular basis and the funding gap risk is included on the E&I Directorate risk register (as well as the Project Risk Register) given its importance.

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Carlisle Southern Link Road (CSLR) - governance arrangements (Cont'd)	Reasonable	N/A	N/A	N/A	
<p>Medium priority recommendations were made in the following areas:</p> <ul style="list-style-type: none"> • Invoices were not always authorised in line with the CSLR scheme of delegation, or by officers involved in the project, and authorisation did not always come directly from the person giving the approval • Approval of the revised terms of reference was not recorded on the decision log and neither was the approval of key role profiles, which was also not clearly recorded elsewhere as it was approved outside of the Project Board • Several examples of incomplete / inaccurate governance documents were identified including: the organogram not including the Project Board or linking with the terms of reference, the Scheme Guardian role not being formally documented, subgroup terms of reference referring to the Project Review Group which is no longer in place, Technical Subgroup minutes not always recording meeting attendees, Commercial subgroup meetings not being formally minuted until November 2021, and the compliance management plan including references to groups / documents no longer in place. <p>At the time the report was finalised in early April 2022, management confirmed that 2 of the 3 medium priority recommendations had already been implemented and the other one was in the process of being implemented.</p>					

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Follow up - Recording of drivers hours	Partial	1	1	0	
<p>The assurance level has remained at partial. There were 3 recommendations in the original report (2 high and 1 advisory). The two high priority recommendations have been partially implemented and further action is needed to adequately address the risks exposed. Sufficient action has been taken on one of the recommendations to reduce it to medium priority. However, the second recommendation remains a high priority recommendation.</p> <p>The high priority recommendation in the follow up report relates to the fact that arrangements are not currently in place to confirm that hours recorded on the completed W20s, and the manual timesheets are consistent, and the 48 hour report used by management to identify breaches or potential breaches in legislation does not include the hours of all employees performing driving duties. This means that the risk that actual and potential breaches may not be identified remains.</p> <p>The medium priority recommendation in the follow up report relates to the recently developed e-learning, which includes a Module on Driver Hours but has only been completed by a few members of staff, and documented procedures do not define management's expectations in relation to the checks required on drivers' W20 records and on the weekly timesheets.</p> <p>Management will continue to monitor progress on implementing the recommendations.</p>					
CUMBRIA FIRE AND RESCUE SERVICE					
Police and Crime Panel Grant 2020/21	N/A	N/A	N/A	N/A	Details previously reported to the Audit and Assurance Committee meeting on 14 September 2021.

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Follow up - CFRS - Operational assurance	Partial	2	5	0	<p>The assurance level has remained at partial. There were 7 recommendations in the original report (1 high and 6 medium). The high priority recommendation has not been implemented. Of the 6 medium priority recommendations two have not been implemented and we have re-assed one of these as now being high priority whilst the other remains a medium priority. Although management advised that some progress has been made on the other four medium priority recommendations, these have not been fully implemented and therefore remain medium priority.</p> <p>The two high priority recommendations made in the follow up report related to:</p> <ul style="list-style-type: none"> • The multi-agency action plan has no completion dates against each action. The new Consolidated Action Plan, which brings together all actions from both Level 2 and multi-agency incidents, is still being developed. The Consolidated Action Plan shows against each debrief action a priority grading, but no target completion dates. PDA (People, Development and Assurance Department) Management meetings and Programme Board meetings are regularly held to review progress against action plans but neither the individual debrief action plans or Consolidated Action Plan have been presented at these meetings. A follow up process is being developed to confirm debrief actions have been implemented. • The current controls & measures to manage risk 4 “Firefighters Safety might be compromised caused by the failure to quality assure operational activities including command and control” do not include the key controls in place in Operational Assurance. The controls that are included have not been updated for 2 quarters to show the current controls to manage this risk. The Programme Board has insufficient evidence to be assured that key controls to manage risk 4 are in place and operating effectively. We have increased the priority of this recommendation to high as there is no evidence that senior management are provided with up-to-date information on key controls in place to mitigate the identified risk <p>The five medium priority recommendations made in the follow up report related to:</p> <ul style="list-style-type: none"> • We were informed that the current PDA Plan on a Page has no measurable outcomes. A Delivery plan for 2022-23 is currently being developed and a PDA strategic planning cycle has been introduced. We were informed that on 1st April 2022 the new 2022/23 Plan on a Page will be shared with SLT. A 12 monthly PDA plan with SMART actions will be developed and will include KPIs. Service Delivery meetings are used to review progress, overall percentage completion and direction of travel against the plan. We were informed that as the Plan on a Page is devoid of actions/deadlines, an assessment is made on the completion of improvements / achievement to-date.

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Follow up - CFRS - Operational assurance (Cont'd)	Partial	N/A	N/A	N/A	
<ul style="list-style-type: none"> • Arrangements should be put in place to ensure that the roles and responsibilities for redeveloping and managing operational assurance and day to day responsibilities for reviewing, evaluating, recording and communicating learning outcomes from incidents are aligned and allocated to the staffing resources available. Operational assurance roles and responsibilities should be regularly reviewed against the staffing resource available to undertake this work. • Management should ensure that the Post Incident Debriefs include a prioritisation of learning outcomes and good practice that is aligned to the guidance to manage and communicate these. Appropriate arrangements should be put in place to ensure that learning outcomes and good practices from Operational Assurance and Post Incident Hot Debrief are escalated to Post Incident Level 1 Debrief and thereafter to Level 2 Debrief. Arrangements should be put in place to ensure that regular reports that show learning outcomes prioritised as safety critical and requiring improvement; scored 1 and 2 are produced and regularly reviewed. Appropriate arrangements should be put in place to ensure that there is a record of the discussions, decisions taken and actions arising relating to learning outcomes with scores 1 and 2 at Post Incident Level 1 and Level 2 Debriefs. • Management should ensure that the Operational Assurance and Operational Debrief policies and service instructions are reviewed and updated to reflect current working practices and the latest FRS National Operational Guidance. The policies and service instructions should include defined guidance on how incident learning outcomes are prioritised and evaluated and thereafter communicated within CFRS and nationally where required. Management should ensure that the operational assurance and post incident debrief training module is reviewed and updated to reflect the guidance on the latest policies and service instructions. • Management should ensure that there is regular performance reporting of organisational learning KPIs that show the percentage of returns completed within target. Management should review and update the HMICFRS Action Plan to show against the service improvement operational assurance actions revised completion dates. <p>Staffing levels have impacted on the pace at which the recommendations have been completed. We have been informed that more robust reporting arrangements are now in place and a service restructure is complete with an uplift of 4 wholetime firefighter posts in assurance. This new team will report to the Area Manager Assurance who in turn will report directly to the newly appointed Assistant Chief Fire Officer who will be the service lead for assurance. This will allow greater progress to be made in implementing the recommendations'</p>					

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
FINANCE DIRECTORATE					
Main Accounting	Reasonable	0	1	2	
<p>Summary of controls that were operating effectively:</p> <ul style="list-style-type: none"> • The Council's Constitution (Financial Standing Orders) includes governance arrangements for the MAS • Finance staff have access to operational procedures • System in place to ensure access for current E5 users has been appropriately authorised, have access levels appropriate to their duties and a unique username and password which is changed regularly • Code changes have documented evidence • All cost centres on the E5 system have a named budget holder • There is a control schedule in operation which sets out dates of bank reconciliations and these are undertaken on a regular and timely basis • There is a standard annual budget planning cycle in operation with the budget approved by Full Council. Arrangements are in place to ensure that the budget is uploaded to E5 on a timely basis and agrees to the approved budget. The budget is monitored on a timely basis throughout the year • An exercise has been carried out to ensure adequate cover is in place to provide resilience to the Finance Teams. <p>The medium priority recommendation related to the development of controls over feeder systems such as overall monitoring arrangements for documenting that all the feeder systems have been successfully uploaded, a regular reconciliation for the Virtual Worker feeder system and ensuring the Capita schools payroll control spreadsheet is fully completed.</p> <p>It was agreed that the medium priority recommendations would be implemented by the end of March 2022.</p>					

APPENDIX 1 – SUMMARY OF OUTCOMES OF FINAL AUDIT REPORTS ISSUED TO 31 MAY 2022

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
Progress on implementing CIPFA Financial Management Code	Reasonable	0	2	0	
<p>CIPFA published its Financial Management Code (FM Code) in December 2019. The purpose of the code is to assist local authorities in demonstrating their financial sustainability through a set of financial management standards. There are 6 underlying principles covering 17 individual standards. The standards set out what is needed for a local authority’s financial management to be acceptable to meet its fiduciary duties to taxpayers, customers and lenders. Since these are minimum standards, CIPFA’s judgement is that compliance with them is obligatory if a local authority is to meet its statutory responsibility for sound financial administration.</p> <p>In Spring 2021 the Finance Team carried out an initial assessment against the 17 FM Code standards to determine the Council’s adherence to the CIPFA standards, noting that 2020/21 was the shadow year for the FM Code with its full implementation from 2021/22. At the time of the audit the Finance Team was in the process of updating its current evidence assessment and work had been completed for 11 of the standards, and these were confirmed as compliant, but further work was required to complete the assessment on the remaining 6 standards. The initial assessment in Spring 2021 had concluded that of these 6, 4 were compliant and 2 were RAG rated as Amber so required further work to ensure compliance.</p> <p>Medium priority recommendations were made in the following areas:</p> <ul style="list-style-type: none"> • The Finance team finalised collating evidence to support its self-assessment against the remaining 6 of the 17 CIPFA standards • Producing a reporting to the Finance Management Team on compliance with the CIPFA FM Code. <p>We have been informed that the Finance team has now collated evidence to support the assessment in these outstanding areas and where the final assessment identifies any ‘Amber’ ratings, recommendations will be provided initially to the Director of Finance and FMT. These are expected to be relatively minor and relate to improvement work to evidence better compliance with the FM Code, rather than any significant failing with relation to the sound financial management of the Council. The Director of Finance (s151 Officer) has been verbally briefed on progress with a formal report to FMT expected by the end of June 2022.</p>					

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
COMPLETION OF WORK IN PROGRESS FROM PREVIOUS YEAR PLANS		160		
People	SPROC net system (Adam) - Home Care Commissioning		Fieldwork	
Economy and Infrastructure	Highways Conditions Inspections		Completed	Reasonable
Economy and Infrastructure	Managing Construction Health & Safety Compliance – Building Construction		Completed	Reasonable (included in 2020/21 opinion)
Economy and Infrastructure	Managing Construction Health & Safety Compliance – Highway Construction		Completed	Reasonable (included in 2020/21 opinion)
Corporate	Financial Sustainability		Removed from audit plan	
People	High Needs Block (EHCP budget management)		Completed	Partial
People	Child & Family support services (Early Help 0-19) - Contract Management		Completed	Reasonable (included in 2020/21 opinion)
Economy and Infrastructure	Renewi Waste Contract - Governance arrangements		Completed	Reasonable
People	Direct Payments / Individual service funds		Fieldwork	
Economy and Infrastructure	LEP Funding		Removed from audit plan	

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
People	Community Development Centres – Governance arrangements		Completed	Reasonable (included in 2020/21 opinion)
People	Lakes School, Windermere		Completed	Limited
Economy and Infrastructure	Follow up – Planned maintenance		Fieldwork	
Economy and Infrastructure	Follow up – CNDR Connect		Completed	Partial
Economy and Infrastructure	Follow up – Recording of drivers hours		Completed	Partial
People	Follow up – Children with additional needs – North Cumbria		Completed	Reasonable (included in 2020/21 opinion)
People	Follow up – Children with additional needs – South Cumbria		Completed	Partial (included in 2020/21 opinion)
Corporate Customer & Community Services	Follow up – Ethical Policies		Fieldwork	
Corporate	Review of risk management arrangements	15	Completed	
Corporate	Corporate Complaints System	20	Completed	Reasonable
Corporate	Financial Sustainability	20	Draft report issued	
Corporate / cross cutting	Consultancy / VFM style reviews	30	Not yet started	

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
Corporate Counter-fraud	Review of Counter-Fraud arrangements	15	Fieldwork	
People	Sufficiency of Early Years places	20	Completed	Reasonable
People	Regional Adoption Agency	20	Rolled forward into 2022/23 audit plan	
People	Domestic Abuse	20	Not yet started	
People	Unallocated time (potentially 4 reviews)	90	Not yet started	
People (Schools)	See details below	65		
People (Schools)	St. Benedict's Catholic High School, Whitehaven		Completed	Reasonable
People (Schools)	Ellenborough and Ewanrigg Infants School, Maryport		Completed	Reasonable
People (Schools)	Parkview Nursery School, Millom		Completed	Reasonable
People (Schools)	St Bridget's RC School, Egremont		Completed	Reasonable
People (Schools)	St Mark's CE School, Natland		Completed	Reasonable
Corporate Customer & Community Services	COVID grants	20	Rolled forward into 2022/23 audit plan	
Corporate Customer & Community Services	Lateral Flow Testing (LFT)	15	Completed	
Corporate Customer & Community Services	Transforming Care Implementation for learning disabilities	20	Removed from audit plan	
Corporate Customer & Community Services	Unallocated time	25	Not yet started	

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
Economy & Infrastructure	Contract management – non-significant contracts	20	Fieldwork	
Economy & Infrastructure	Operator’s Licence	25	Completed	Reasonable
Economy & Infrastructure	New Highways Information Management System	20	Rolled forward into 2022/23 audit plan	
Economy & Infrastructure	Bridges and Structures	20	Completed	Reasonable
Economy & Infrastructure	Carlisle Southern Link Road (CSLR) governance arrangements	15	Completed	Reasonable
Economy & Infrastructure	Capital Programme – Monitoring and Management of Consultancy Spend and Utilisation	20	Rolled forward into 2022/23 audit plan	
Economy & Infrastructure	Trading Standards – Approved Premises Inspection Process	20	Completed	Substantial
Cumbria Fire & Rescue Service	Asset Management	20	Rolled forward into 2022/23 audit plan	
Cumbria Fire & Rescue Service	Maintenance of Operational Equipment	20	Rolled forward into 2022/23 audit plan	
Finance	Progress on implementing CIPFA Financial Management Code	20	Completed	Reasonable
Financial System audit	Main Accounting (compliance audit)	20	Completed	Reasonable
Financial System audit	Payroll (compliance audit)	20	Completed	Reasonable
Follow up Audits	Follow up provision (see below)	40		

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
Follow up	Follow up – CFRS Operational assurance		Completed	Partial
Follow up	Follow up – Client affairs		Completed	Reasonable
Follow up	Follow up – Data Protection (GDPR)		Rolled forward into 2022/23 audit plan	
Follow up	Follow up – ICT Service Continuity		Rolled forward into 2022/23 audit plan	
Follow up	Follow up - Safeguarding adults		Completed	Reasonable
Follow up	Follow up – Personal budgets		Completed	Reasonable
Grants				
People	Focus Families grant claims	10	In progress - Internal Audit attending PBR meetings and undertake a 10% sample check on files to support the claim.	
	Other Grant Claims – See below (Allocation for all claims received in year)	60		
	Police and Crime Panel Grant		Completed	
	Growth Hub Grant		Completed – this work relates to Cumbria LEP where Cumbria CC is the accountable body.	
	Growth Hub Supplementary Funding Grant 2020/21		Completed – this work relates to Cumbria LEP	

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
			where Cumbria CC is the accountable body.	
	EU Transition Business Growth Hub Funding Grant 2020/21		Completed – this work relates to Cumbria LEP where Cumbria CC is the accountable body.	
	Peer Network Funding Grant 2020/21 for Cumbria LEP		Completed – this work relates to Cumbria LEP where Cumbria CC is the accountable body.	
	Travel Demand Management Grant 2020/21		Completed	
	Additional Dedicated Home to School Grant 2020/21		Completed	
	Bus Service Operators Grant (BSOG)		Completed	
	Local Transport Capital Funding BLOCK 2020/21 Grant		Completed	
	Grants - TIIF Highways Maintenance Challenge Fund - Specific Grant 2020/21		Completed	
	DfT Pothole and Challenge Fund 2020/21		Completed	
	Disabled Facilities Grant 2020/21		Completed	
	Additional Home to School Transport Survey - Final Reconciliation Process		Completed	

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
	Cumbria Live Labs		Fieldwork	
Corporate	National Fraud Initiative	50	The NFI 2020 exercise is in progress. Data match reports were received in February 2021 and Internal Audit has reviewed and discussed these with relevant leads in Directorates. Matches are now being investigated by Directorate contacts and Internal Audit is supporting this process and monitoring progress.	
General advice to reflect the changing environment in which we work and that issues may arise during the year. This time could be used for general advice, consultancy type work, or to provide proactive assurance on aspects of control during project implementation or emerging issues.		25	As required.	
Liaison with 2nd line of defence colleagues to continue to develop annual audit opinion on risk management arrangements and input into the development of corporate approaches to fraud and governance (including Annual Governance Statement).		15		
Management, planning, supervision		160		
Internal audit service development		20		

APPENDIX 2 – PROGRESS ON AUDIT WORK 2021/22

Directorate / Audit type	Audit	Planned days	Stage	Assurance level
External Quality Assessment - Preparation		15		
TOTAL DAYS AS PER AGREED PLAN		1,190		

Appendix 3 – measures of internal audit performance

Measure	Description	Target	Actual	Explanations / remedial action required
Completion of audit plan	% of audits completed to draft / final report	71% (based on 2020/21 actual)	72%	33 reports out of 46.
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	78%	
Timeliness of final reports	% of final reports issued for corporate director comments within 5 working days of management response or closeout meeting (where no additional work required to be undertaken)	90%	100%	
Recommendations agreed	% of high / medium priority recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	70%	
Quality assurance checks completed	% of QA checks completed	100%	100%	

Measure	Description	Target	Actual	Explanations / remedial action required
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	90%	Based on 11 questionnaires returned YTD.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	70%	

APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

On-going reviews conducted through	Elements
Supervision of engagements	<ul style="list-style-type: none"> • Work is allocated from the annual risk-based plan by the internal audit management team across the shared service • Staff are involved in developing audit scope in conjunction with audit clients prior to commencement • Work is supervised to ensure that it complies with the approved methodology for carrying out an audit • Audit Manager / Principal Auditor attend close out meetings to support the auditor and ensure that key messages are relayed appropriately • Internal Audit reports signed off by Audit Manager • Audit reports with less than Reasonable Assurance subject to final review by Group Audit Manager.
Regular, documented review of working papers during engagements	<p>Audit Manager / Principal Auditor review each audit file to ensure:</p> <ul style="list-style-type: none"> • The scope and objectives of the audit have been agreed with clients and adequately documented and communicated • Key risks have been identified • The audit testing strategy has been designed to meet the objectives of the audit and testing undertaken to the extent necessary to provide an audit opinion for each piece of work • Audit has been completed in a thorough, accurate and timely manner • The standard of working papers and evidence collected during the audit are in accordance with

On-going reviews conducted through	Elements
	<p>audit processes and procedures</p> <ul style="list-style-type: none"> • The draft audit report fully reflects all findings from the audit, and these are properly explained, and practical recommendations made • The assurance rating is fully supported by the working papers and can be justified by the auditor • The audit has been completed within the time allocation • The audit report has been produced to a good standard in an accurate and timely manner • Training and development needs are identified through the review process • Periodic reviews by the Group Audit Manager to ensure that the quality assurance process is being applied consistently.
<p>Audit manual containing all key policies and procedures to be used for each engagement to ensure compliance with applicable planning, fieldwork and reporting standards</p>	<ul style="list-style-type: none"> • Audit manual contains the risk-based audit methodology and key working papers, the code of ethics and performance measures for the shared internal audit service • The audit manual is updated on an on-going basis as required.

APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

On-going reviews conducted through	Elements
Feedback from customer survey on individual assignments	<ul style="list-style-type: none"> • Customer feedback form in place and linked to performance measures for internal audit • Feedback form issued for all risk based internal audit assignments • Feedback from client satisfaction forms passed on to individual auditors. Any areas identified for learning and development are taken forward • Any common issues are identified, and action taken where necessary.
Analysis of performance measures established to improve internal audit effectiveness and efficiency	<ul style="list-style-type: none"> • Monthly monitoring of performance measures by the audit management team • Feedback to individuals / teams as appropriate • Reporting to Audit and Assurance Committee on a quarterly basis and where required to the Corporate Governance Group.
All final reports and recommendations are reviewed and approved by the Audit Manager	<ul style="list-style-type: none"> • Formal sign off and issue of all final reports and recommendations by Audit Manager • Audit report template includes comments from Executive Director.
Annual risk assessments for the purposes of annual audit planning	<ul style="list-style-type: none"> • Annual risk assessment of audit universe as part of the planning process.

APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Periodic reviews conducted through	Elements
Annual assessment of Internal Audit's conformance with its Charter, PSIAS with an improvement plan produced to address any areas of non-conformance identified	<ul style="list-style-type: none"> • Review of Charter for conformance • Annual completion of CIPFA checklist for assessing conformance with the PSIAS • Improvement plan produced to address areas of non-conformance • Service development plan identifying actions for service improvement.
Benchmarking with other Internal Audit service providers	<ul style="list-style-type: none"> • Benchmarking through regional and national level networks by attending the following Heads of Internal Audit groups including the Local Authority Chief Auditors Network (LACAN – all local authorities) and North West Chief Audit Executives (NWCAE – North West based local authorities).
Quarterly reports to audit committees on progress with delivery of the audit plan	<ul style="list-style-type: none"> • Preparation of progress report for each Audit and Assurance Committee and attendance by Group Audit Manager and / or Audit Manager.
Annual sign up to Code of Ethics by all internal audit staff	<ul style="list-style-type: none"> • Signed declaration from all internal audit staff.
Annual completion of declaration of business interests from by all internal audit staff	<ul style="list-style-type: none"> • Signed declaration from all internal audit staff.

APPENDIX 4 – QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

EXTERNAL ASSESSMENTS (PSIAS ref: 1312)

External Assessments will be carried out in accordance with the requirements of the PSIAS and reported to Audit and Assurance Committee as appropriate.

The first External Quality Assessment was carried out in November 2017, in line with the requirement of the PSIAS to have an external assessment at least every five years.

REPORTING ON THE QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (PSIAS ref: 1320)

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

Internal Assessments – outcomes of internal assessments will be reported to the Audit and Assurance Committee on an annual basis.

External Assessments – results of external assessments will be reported to the Audit and Assurance Committee and S151 officer at the earliest opportunity following receipt of the external assessor's report. The external assessment report was accompanied by a written plan in response to findings and recommendations contained in the report and was reported to Audit and Assurance Committee on 20 March 2018.

Follow up – all audits receiving less than reasonable assurance will be followed up. Usually this will occur within six to twelve months of the original report being issued but will vary dependent on the agreed timescales for the recommendations to be implemented and any known implementation issues. Directorates are responsible for monitoring the implementation of audit recommendations. Therefore, rather than following up all recommendations we changed our follow up approach in 2019/20 so that we only follow up high priority recommendations and a sample of medium priority recommendations. This approach provides a more balanced use of our limited audit resources, whilst at the same time allowing enough work to be undertaken to assess progress on implementing the recommendations, allowing us to provide up to 'Reasonable' assurance.

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Nature of internal auditing (Standard 2100 Nature of internal audit work)			
<p><u>Finding 1</u></p> <p>Risk based internal audit is most effective when the organisation has a clear definition of its strategic risks with detailed identification of the controls and monitoring arrangements designed to mitigate the risks to an acceptable level. From this it is then possible to match who is best placed to provide assurance mitigation is working (an assurance map based on the 3 lines of defence) to prevent gaps or duplication in assurance. The annual internal audit plan can then be derived from the assurance map and include review of those other forms of assurance.</p> <p>Our recommendations below are designed to achieve this objective and will further facilitate general conformance to professional internal auditing standards. However, we would ask the Audit & Assurance Committee to consider its overall aim for risk based auditing and how a risk based culture will be reinforced.</p>	<p><u>Action 1 – Corporate Action</u></p> <p>A refresh of the Corporate Risk Register is in progress and will address the recommendation for greater clarity over mitigating actions.</p>	<p>In the first quarter of 2018/19 responsibility for the Risk and Performance Management functions transferred to the Director of Finance (s.151 Officer).</p> <p>In Q1 of 2018/19 a new Corporate Risks reporting template was implemented to simplify the links between the causal factors of the risk and the key corporate and operational controls and measures in place to maintain or mitigate the risk.</p> <p>The Corporate reporting template demonstrates both the current controls and measures in place and planned improvements for the following quarter.</p> <p>The Risk Owners Group (ROG) was established in August 2018. Its role is to challenge and approve the quarterly risk register before it is presented to CMT, as well as embedding corporate and operational risk management standards of practise across all Directorates and business processes.</p>	<p>Completed</p>

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Coordination and reliance (Standard 2010 Planning – non-conformance)			
<p><u>Finding 2</u></p> <p>We acknowledge the work within the wider Council to develop strategic risk management processes and the strategic business assurance framework. As part of this progress management should begin to map who is best placed to provide assurance that risk mitigation for strategic risks is reliable and working. Active participation by the Group Audit Manager to achieve a coordinated approach will help to maximise assurance resources and achieve conformance to the standard.</p>	<p><u>Action 2 – Corporate Action</u></p> <p>The recommendation is supported and will be addressed within the strategic review of risk management arrangements.</p>	<p>This was first included in the 2018/19 Audit Plan which outlined in Appendix 2 – How Internal Audit Plan addresses risks in Corporate Risk Register. This showed how inspectorates and internal groups set up by management may be better placed to provide assurance.</p> <p>Each Audit and Assurance Committee meeting the members receive a ‘Deep dive’ presentation by an Assistant Director (AD) on one of the corporate risks. This provides a key outline of the risk, the causal factors and key action being taken to mitigate the risk. This often refers to where the AD gets their assurance from and whether regulators are involved in this area.</p>	<p>Completed</p>

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Responsibilities regarding governance and risk management (Standard 2110 Governance and Standard 2120 Risk management – partial conformances)			
<p><u>Finding 3</u></p> <p>The aim of the internal audit plan is to provide a broad range of assurance to enable the Board to deliver an annual statement of control. In support of this aim we suggest that the Group Audit Manager gives an annual opinion upon:</p> <ul style="list-style-type: none"> a) The development of an effective risk culture and risk maturity through specific governance audits and risk management audits. b) The application of corporate risk management arrangements, including implementation of processes, management of emerging risks, and the effectiveness of training. c) The development of operational risk management based upon specific assessment of risk processes in individual audits. <p>Progress towards assurance mapping and the coordination of assurance arising from specific assurance audits.</p>	<p><u>Action 3 – Internal Audit action</u></p> <p>Provision has been included within the 2018/19 audit plan for additional liaison with Risk Management colleagues to fulfil this requirement. In addition, regular audits will continue to include an assessment of risk management arrangements where appropriate.</p>	<p>It is now common practice for us to include time in our audit plan for additional liaison with risk management colleagues. In addition, the Group Audit Manager attends the quarterly Officer Risk Owners Group meetings.</p> <p>When we undertake our regular individual audit reviews, we will always consider risk management arrangements where appropriate.</p> <p>Since 2018/19 time has been included in our audit plan to report an opinion on risk management. This will continue to feature in all future audit plans</p> <p>The annual opinion, since 2018/19, has included specific commentary on the areas suggested and this continues to be our approach.</p>	<p>Completed</p>

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Direct interaction with the Audit & Assurance Committee (Standard 1111 – partial conformance)			
<p><u>Finding 4</u></p> <p>The recommendations above regarding coordination and planning will be challenging and we feel further interaction with the Audit & Assurance Committee, along with senior management consultation, is needed to explore how they will be delivered and monitored, particularly with regard to annual priorities. We note that the Group Audit Manager does not have private meetings with the Chair of the Audit & Assurance Committee. This is an important safeguard over independence which we recommend is implemented in advance of each Committee meeting. This is especially important as the Group Audit Manager is in the third tier of management whereas we would ordinarily expect the Head of Internal Audit to report direct to the top level of the management structure.</p>	<p><u>Action 4 – Internal Audit action</u></p> <p>This action plan together with a longer term plan for the Internal Audit service will be reported to Audit & Assurance Committee on a regular basis to give clear oversight of the actions planned to further develop the service.</p> <p>Private meetings between the Group Audit Manager and the Chair of Audit & Assurance Committee will be re-introduced.</p>	<p>To produce the 2021/22 audit plan we held discussion with individual Executive Directors (EDs) and Assistant Directors (ADs) in January and early February 2021 to identify priorities. The audit plan was presented to the March 2021 Audit and Assurance Committee meeting.</p> <p>This update provides the Audit and Assurance Committee with progress on delivery of improvement actions identified through the EQA and the continuous improvement of the Shared Internal Audit Service.</p> <p>Private meetings between the Group Audit Manager and the Chair of Audit & Assurance Committee re-introduced.</p>	<p>Completed</p>

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Overall planning of audit assignments (Standard 2200 Engagement planning, Standard 2201 Planning considerations, Standard 2210 Engagement objectives, Standard 2220 Engagement scope – partial conformances)			
<p><u>Finding 5</u></p> <p>Individual audits need closer alignment to specific risks (identified during the development of the audit plan) to reaffirm their specific purpose and include definition of the key risks and controls associated with that subject as opposed to reference to wider more generic risks. In some cases, this may prompt sessions with management so auditors can assess the adequacy of controls and monitoring as opposed to the current practice of internal audit documenting 'expected controls' in advance of the audit.</p> <p>We note the most successful audits involve consultation with senior managers as sponsors to fine tune and tighten the objectives and scope to specific risks and we encourage this practice. Realistic timetables need to be set for interviews, testing and reporting in advance with the sponsor to help the achievement of such targets.</p> <p>We also recommend the introduction of shorter 3 – 5 day specific reviews that focus on key controls within systems and procedures where risks and controls are known and established.</p>	<p><u>Action 5 – Internal Audit action</u></p> <p>A project will be established to take this recommendation forward. Some audits within the 2018/19 audit plan have been included with the intention of focusing in on key controls (e.g. Social Media accounts, cyber risk, some counter-fraud audits and main financial systems).</p> <p>All audits have a scoping meeting with the Assistant Director to agree the scope. This will continue to be an important part of our audit process.</p> <p>We agree that some audits have taken too long to bring to conclusion, and we understand the reasons for these delays. All audits have a deadline that has been agreed with the client and these are monitored through regular one to one meetings. We work consistently to ensure deadlines are met and to deliver audits in as short a timescale as possible.</p> <p>The audit plan for 2018/19 includes a number of shorter audits than in previous years. We will continue to develop our approach during 2018/19 with the aim of reducing the days per shorter audit further, if possible, in 2019/20.</p>	<p>As part of the continued development of the Shared Internal Audit service, in 2019/20, we set up working group to review areas identified for development, including looking at client engagement and scoping. We always keep how we do things under review and the continued impact of COVID-19 has meant the ongoing re-assessment of how we deliver our audits in the future.</p> <p>The plan for 2018/19 included some shorter audits but these took longer than expected. As part of our continuing improvement work, we set up a working group looking at developing a framework / approach in which we do any future shorter audits. Our conclusion was that short audits of 3-5 days would have to be limited to financial systems and even then only limited areas of the system.</p>	<p>Completed</p>

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Use of resources (Standard 2030 Resource management – partial conformance)			
<p><u>Finding 6</u></p> <p>The current audit methodology was developed when the team included staff with little or no experience of risk based internal auditing. This has resulted in several supervision points in the process with extensive documentation requirements. As a result many audits often overrun and audit managers do not have time available to undertake audit work.</p> <p>There is now the opportunity to review the audit methodology to streamline the process. For example, revisiting the documentation standards and supervision stages to reduce time spent on these activities. In doing so a target should be set to increase the number of days available to the plan, which may involve assigning more audits to the most senior audit managers thus ensuring the allocation of challenging audits to the most experienced people.</p>	<p><u>Action 6 – Internal Audit action</u></p> <p>The risk based approach was a significant change in audit approach and a detailed methodology was appropriate at the time. Audit & Assurance Committee were briefed at the time about the changes and the challenges the new approach presented.</p> <p>The reasons for audits over-running are well understood by the Audit Management Team. These are varied and rarely a result of over-supervision. There are four key supervision stages in the audit process; scoping, initial risk assessment, controls and testing strategy and review of findings/draft report. We consider these to be essential in ensuring scope is agreed, focus is on appropriate risks/controls, testing is relevant and proportionate, and findings are adequately supported and reflected fairly in report and opinion (as required under the PSIAS).</p> <p>We will review our audit approach during 2018/19 to identify efficiencies in the process, including where appropriate the management and supervision stages.</p> <p>Audits are assigned according to skills, experience, development needs and availability of team members.</p>	<p>Supervision points are in line with the PSIAS and are defined within the QAIP.</p> <p>We continually seek to identify efficiencies in the process whilst ensuring a quality product through management and supervision. The level of supervision and review required is a matter of professional judgement and will be dependent on the complexity of the area being reviewed, the experience of the auditor undertaking the work and whether this meets a development need for the auditor.</p> <p>As part of the continued development of the Shared Internal Audit service, in 2019/20, we set up working groups to review areas identified for development, including client engagement and scoping, working papers format (including appropriate management and supervision stages) and reporting format. This led to improvements in the reporting format (reporting re-structured under priority of recommendations and revising audit opinion definitions), streamlining working papers for school reviews and agreeing a school follow up approach.</p>	<p>Completed</p>

APPENDIX 5 - EXTERNAL QUALITY ASSESSMENT (EQA) FINDINGS UPDATE

Finding	Action	What we have done	Status
Tracking audit recommendations (Standard 2500 Monitoring progress – partial conformance)			
<p><u>Finding 7</u></p> <p>At present follow up of audit actions is limited to a single follow up of the agreed actions at the point in time where all High and Medium Priority recommendations are due to have been implemented. This may undermine the overall benefit of internal audit work. Once audit follow-up of partial or limited assurance assignments has been undertaken the responsibility for further progress reporting is handed over to management and there is a risk that some important issues may remain outstanding. We understand that senior managers in some areas have recognised this and have been initiating monitoring and reporting. We recommend management across the Council be asked to undertake such monitoring and that the Audit & Assurance Committee receive regular updates.</p>	<p><u>Action 7 – Corporate Action</u></p> <p>Each directorate is responsible for tracking the implementation of agreed actions arising from internal audit reports. Business Managers maintain this information on behalf of each Corporate Director.</p> <p>A mechanism will be implemented to report this information to CMT and Audit & Assurance Committee on a six-monthly basis.</p>	<p>Internal Audit will continue to follow up all audits resulting in ‘Partial’ or ‘Limited’ assurance.</p> <p>Directorates are responsible for monitoring the implementation of audit recommendations and to report this at DMTs. Therefore, rather than following up all recommendations we changed our follow up approach in 2019/20 so that we only follow up high priority recommendations and a sample of medium priority recommendations. This approach provides a more balanced use of our limited audit resources, whilst at the same time allowing enough work to be undertaken to assess progress on implementing the recommendations, allowing us to provide up to ‘Reasonable’ assurance.</p>	<p>Completed</p>