

Annual Audit Opinion

2019-20

July 2020

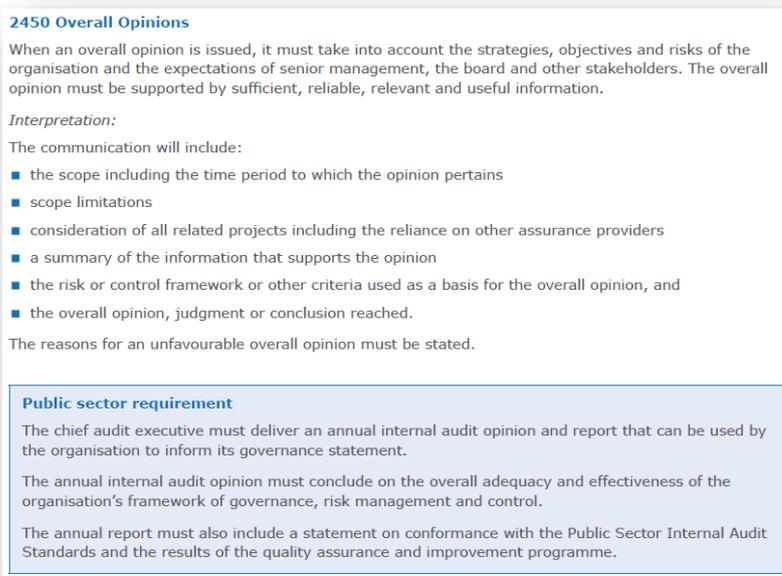
Introduction

All Local Authorities must make proper provision for internal audit in line with the [Local Audit and Accountability Act 2014](#) and the [Accounts and Audit Regulations 2015](#). The Regulations state that services must follow the [Public Sector Internal Audit Standards \(PSIAS\)](#). The PSIAS sets out a consolidated approach to internal auditing standards across the whole of Public Sector.

Internal Audit is a vital component to the Council's effective running. We provide assurance, advice and insight to help protect and enhance internal control, governance and risk management arrangements. The service has a wider role to be the Council's 'critical friend', with the ability to confidently challenge current practice, champion best practice and support management to improve how the Council operates. This is achieved through the provision of combined assurance and consulting activities, as set out in the mandated definition within the Standards:

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

The Standards require that the Chief Audit Executive (Audit Manager) provides periodic updates on progress against the audit plan and issues an annual Audit Opinion. The Opinion is a conclusion on the effectiveness of the Council's **internal control, corporate governance** and **risk management** arrangements. It is a key part of the overall assurance that Members and Officers of the Council draw on when evaluating governance. The extract below shows the expectations for the Annual Opinion as set out in the Standards:



2450 Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information.

Interpretation:

The communication will include:

- the scope including the time period to which the opinion pertains
- scope limitations
- consideration of all related projects including the reliance on other assurance providers
- a summary of the information that supports the opinion
- the risk or control framework or other criteria used as a basis for the overall opinion, and
- the overall opinion, judgment or conclusion reached.

The reasons for an unfavourable overall opinion must be stated.

Public sector requirement

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The following report sets out the Chief Audit Executive's annual Audit Opinion for the financial year 2019/20, including a summary of all audit work completed during 2019/20.

Scope

The Audit Board approved the **Internal Audit Charter** in March 2019 and an updated version of the Internal Audit Charter is to be reviewed by Audit Board as a separate agenda item at the July 2020 meeting. The Charter sets out the scope of our work, and includes the parameters and safeguards in place for us to undertake assurance, advisory and consultative work.

Evidence to support the Opinion is principally obtained through completing the work as set out in our **audit plan**, in addition to the expertise, knowledge and intelligence gained over the course of the year. There are three areas within the scope for the Opinion, these are:

Internal control: How the Council ensures achievement of its objectives. In particular, effectiveness and efficiency of operations, reliability of financial reporting and compliance with law, rules and policies.

Governance: The system of rules, practices and processes by which the Council is directed and controlled.

Risk Management: How the Council identifies, evaluates and responds to risks facing the achievement of objectives.

The Opinion relates to the 2019/20 financial year.

Limitations

The Standards demand that the audit plan remains flexible throughout the year to react to emerging risks. Limitations on available audit resources means it is not possible to address **all** risks facing the Council. The Opinion can therefore only give *reasonable assurance* that the systems of internal control, governance and risk management are effective.

During 2019/20 the Internal Audit service has been through a number of significant challenges and changes, which has reduced our productivity. The main factors to note are as follows:

- Full Team restructure, leading to a prolonged vacancy factor of 2 FTE
- Recruitment and induction of the Trainee Auditor, Lead Auditor and Audit Manager posts
- Covering the vacant Audit Manager / Chief Audit Executive role between January and May 2020.
- Audits postponed on client request due to COVID-19
- Audit resources redeployed to assist the Councils response to COVID-19 between March – June 2020

This therefore means the 2019/20 Annual Audit Opinion is limited to 9 audit projects, out of the originally agreed 29 projects. However, we have also been able to base our annual audit opinion on other non-project consultancy related work which has been completed during the year, particularly during the COVID-19 pandemic. This consultancy work includes supporting the Council's Business Continuity response by reviewing all business continuity impact assessments and completing counter fraud checks on a large number of business rate grant applicants.

Independence

In addition to setting out the role, authority and responsibility of Internal Audit, our Charter also defines the safeguards in place for our independence.

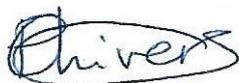
At no point during the year have Officers or Members sought to impede, influence or edit the outcomes of our work, our findings or our overall conclusions. I can therefore confirm that we have worked with full independence during the year.

Summary of information that supports the Opinion

Details of the work conducted to inform the Opinion are set out in the remainder of this report, including; use of audit resources, summaries of audit work issued, governance and risk management, client satisfaction and service performance.

The Opinion

It is my opinion, in the capacity as Chief Audit Executive for Dartford Borough Council, based on the work completed in the given period, that for 2019/20 the Council has operated and maintained a **SOUND** system of internal control, governance and risk management.

A handwritten signature in blue ink that reads "Chivers". The signature is written in a cursive style and is enclosed within a hand-drawn oval.

Fran Chivers

Audit Manager (Chief Audit Executive)

30 June 2020

Delivery of the 2019/20 Audit Plan

The Audit Committee approved our 2019/20 Audit Plan in [March 2019](#). The Audit Plan set out the following projects:

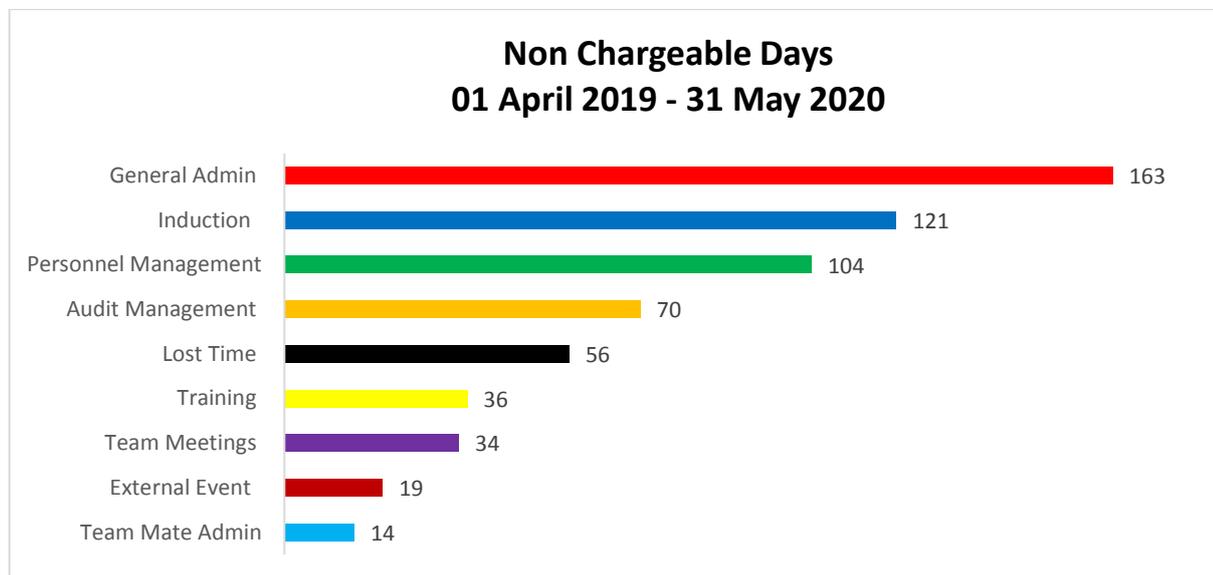
AUDIT TITLES			
1	Income System (AIM)	16	Animal Welfare / Control
2	Feeder Systems & Journals	17	Local Air Quality Management
3	Accounts Receivable	18	Contract Management
4	Housing Rent Accounting	19	Housing Allocations Policy
5	New Build Capital Programme	20	Garage Management
6	Housing Benefits	21	Disciplinary & Grievance Policy
7	Strategic Asset Management	22	Managing Attendance
8	Corporate Complaints	23	Agile Working Policy
9	Risk Management Framework	24	Case Management
10	Counter Fraud Risk Assessment	25	Planning Enforcement
11	Corporate Project Governance	26	Application of Discretionary Powers
12	Governance Policy Work	27	Staff Appraisals
13	Corporate Governance Code	28	Employee Induction
14	Community Safety Partnership	29	Dartford Town Centre + Transport & Public Realm Project
15	Dartford Town Against Crime		

Our time recording system (Team Mate) logs all time spent on the different audit related tasks throughout the year. This system enables us to capture time spent delivering different activities and individual audit projects.

The table below shows how we have utilised audit days between 01 April 2019 – 31 May 2020 (June data was not available at the time of writing):

Category	2019/20 Plan Days	01 April 2019 – 31 May 2020	Audit Plan Days Remaining	Percentage against 2019/20 Audit Plan Days		
Risk Management	10	1				
Counter Fraud	5	1				
Member Support / Training / Meetings	10	16				
Follow-Up	15	9				
Audit Planning	10	16				
Advisory & Consultancy	50	52				
NON-AUDIT TOTAL	100	95				
2018/19 Audit Projects	0	64				
2019/20 Audit Projects	325	143				
2020/21 Audit Projects	0	2				
AUDIT PROJECTS TOTAL	325	209				
OVERALL TOTAL	425	304			121	72%

The total available days for the partnership also takes into account **non-chargeable days**. Non-chargeable activities include administration, general management and the ongoing professional development of the team. The graph below shows our chargeable and non-chargeable totals between 01 April 2019 and 31 May 2020:



Audit Work

The following section of this report provides a summary of progress against the 2019/20 audit plan.

Audit projects completed

The following table provides a summary of all audits completed between 01 July 2019 and 30 June 2020:

Dartford Audit Plan 2018/19			
No	Title	Date Issued	Assurance Rating
2018/19 Carry Forward			
-	Health & Safety	July 2019	N/A
-	Fleet Vehicle Management	August 2019	Substantial
-	Building Control	October 2019	Substantial
-	Homelessness Reduction Act	October 2019	N/A
2019/20 Audit Work Completed			
1	Income Management Systems (AIM)	January 2020	Full
3	Accounts Receivable	April 2020	Full
8	Corporate Complaints	March 2020	Substantial
13	Corporate Governance Code	June 2020	N/A
14	Community Safety Partnership	June 2020	Full

Audit projects in progress

The following reviews are currently in progress and due to be reported by 31 July 2020:

Project Title	
16	Animal Welfare Control
20	Garage Management
21	Disciplinary and Grievance Policy

Deferred audit projects

The following audits have been deferred to 2020/21:

Project Title	
2	Feeder Systems
4	Housing Rent Accounting
5	New Build Capital Programme
6	Revenues & Benefits Shared Service Review
9	Risk Management Framework
11	Corporate Project Governance
10	Counter Fraud Risk Assessment
12	Counter Fraud Policies
15	Dartford Town Against Crime
17	Local Air Quality Management
18	Contract Management
19	Housing Allocations Policy
24	Case Management
25	Planning Enforcement
28	Employee Induction

Removed from 2019/20 Audit Plan

The following audits have been removed from the 2019/20 audit plan although Managing Attendance and Agile Working will be relevant to our Covid-19 reviews:

Project Title	
7	Strategic Asset Management
22	Managing Attendance
23	Agile Working
26	Application of Discretionary Powers
27	Staff Appraisals
29	Dartford Town Centre – Transport & Public Realm

Audit Work Summaries

We issue a full report for all of the work completed on the audit plan. Members have requested to see executive summaries of all of the work issued in final. Definitions of our assurance ratings are provided in Appendix I.

Health & Safety – Final report issued July 2019

The Health and Safety at Work etc. Act 1974 covers occupational health and safety in Great Britain. The Health and Safety Executive (HSE), along with Local Authorities (and other enforcing authorities) are responsible for enforcing the Act and several other Acts and Statutory Instruments relevant to the working environment.

The HSE publishes a self-assessment [checklist](#) for organisations to use to evaluate the effectiveness of the Health & Safety (H&S) arrangements in place. We used this checklist to undertake a health-check style review, by conducting interviews with key officers, documenting processes and undertaking testing of key systems and procedures. The report sets out the findings, conclusions and overall level compliance with the checklist, including key actions to address any areas of non-compliance.

Overall, the Council fully or partially complies with most aspects as set out in by the HSE (43 of 55). Health and Safety practices and arrangements are in place, and policies and procedures seek to ensure that H&S related matters (including welfare) are taken seriously. There are, however, some areas to address and opportunities to improve. Notably, to make the roles and responsibilities both at the strategic and operational level clearer, and to enhance monitoring and reporting arrangements.

Health, safety and welfare is at the core of what the Council does, and is co-ordinated through a corporate Wellbeing Group, comprising a cross-section of officers and managers. However, it is vital that knowledge, understanding and engagement across the whole workforce is effective in order to ensure that agreed health and safety practices are embedded and followed. Our results of testing (interviews and staff survey) found that while there is awareness of processes and procedures, action should be taken to improve corporate understanding of the health and safety arrangements, in particular the completion and monitoring of health and safety training.

The outcomes of the assessment are summarised below:

Assessment	HSE Criteria
Fully Met	12
Compliant – Could be improved	14
Partially compliant	17
Not met	12
TOTAL	55

Fleet Vehicle Management – Final Report issued August 2019

We concluded based on our audit work that the controls in place over the management of the Council’s vehicle fleet provide **SUBSTANTIAL** assurance.

The Council has 26 vehicles in the ‘fleet’ including the mayoral car, vans, and mobile plant including trailers and tractors. These vehicles are owned, insured, maintained and operated by Council officers in order to enable key services to be delivered.

We found that all vehicles tested had valid insurance, and were maintained in compliance with legal standards. Controls to prevent fraud and error were also in place.

Due to devolved responsibilities however, the Council did not however have standardised procedures in place for maintenance of vehicles and there was also no central contract for MOTs which may mean that the Council is not securing value for money.

We raised 3 actions in this review, with the following priority ratings:

Priority Ranking	Number of actions
Medium	2
Low	1
Total	3

Building Control – Final Report issued October 2019

We concluded based on our audit work that the controls in place over the administration and income for Building Control Fees provide a **SUBSTANTIAL** level of assurance.

The Building Control Service provides for the checking of new building works within the Borough to ensure that they meet the standards of the Building Regulations 2010. The service monitors compliance and has a responsibility to the public for the following:

- The enforcement of Building regulations and related legislation;
- The control of demolition work;
- The Control of defective premises and control of dangerous structures.

The Council sets building control fees which are payable for applicable building work and processes and collects annual fee income in the region of £280k each year. Due to the complex and technical nature of the service, we scoped this audit to look specifically at the administration processes and the management of fee income only.

Our testing confirms that Building Control applications are processed in accordance with agreed procedures and guidance. We found no errors in the system, and all applications were supported by the necessary and relevant evidence. All of the fees tested were charged in accordance with our published scheme.

However, in undertaking our testing of the financial controls we identified two issues. Firstly, there is currently no reconciliation between the Building Control system (Uniform) and the Council's Financial Management System (Cedar). Our individual transaction testing did not identify any errors, but our sample was only a small percentage of the total number transactions for the year. As such, a full reconciliation would give additional assurance that fees charged and income received are balanced. Secondly, the Council has not prepared or published an end of year financial statement as required by the Charges Regulations 2010. This published statement details the annual chargeable and non-chargeable activities of the Building Control service for the financial year.

A summary of our findings and priority ratings are set out below:

Priority Ranking	Number of recommendations
Medium	1
Low	1
Advisory	1
Total	3

Homelessness Reduction Act – Final Report issued October 2019

This review was not assurance rated, and was conducted as a cross authority risk review. We undertook workshops with Managers from Dartford and Sevenoaks to identify the risks associated with the implementation of the Act. We then tested the effectiveness of the Council's response to each risk.

Based on the results of the review, it is clear to see that both Councils have responded in different ways to the same challenges. Both have taken full advantage of funding options to increase resource, expertise and resilience, however, the uncertainty of long-term funding means that permanent solutions are difficult to implement.

Closer working with colleagues across the County could help to provide greater development and insight. Our initial workshop for instance enabled the Managers from both Councils to compare and contrast approaches and to explore possible sharing of best practice.

While the challenges around Homelessness remain high on the risk agenda for all Local Authorities, Dartford and Sevenoaks appear to be responding effectively to ongoing demands and challenges.

Income Management Systems (AIM) – Final Report issued January 2020

We conclude based on our audit work that the controls in place over the Income Management system provide **FULL** assurance.

This review provides independent assurance over the adequacy of controls for the Income Management process. We mapped the system from daily income receipts to bank reconciliations and identified the key controls and risks. Our testing of the key controls confirms that the system is effective in *design* and *operation*.

Income (via payments) is received through AIM (Axis Income Management). We found all receipts, together with the kiosk, are recorded and reconciled daily. Transactions are automatically allocated to the correct departmental codes and systems are in place to monitor this. Exception logs assist the investigation and placement of unallocated funds, and regular cash flow reports and reconciliations ensure that income is recorded and allocated.

We identified no errors in our key controls testing.

Accounts Receivable – Final Report issued April 2020

We conclude based on our audit work that the controls in place over the Accounts Receivable system provide **FULL** assurance.

Accounts Receivable is a key financial system for the Council. The total amount of debt raised through the system in 2018/19 was £20.77 million, of which 98% was paid within the specified payment terms. Aged debts (those unpaid after 61 days) represented 1.5% of the total debts raised.

This review provides assurance over the adequacy of controls for the Accounts Receivable process. We mapped the system from creating debtor accounts and raising invoices, to debt management and recovery, and identified the key controls and risks. Our testing of the key controls confirms that the system is sound.

Our review found the processes in place to create and amend debtor accounts are sound. Invoices are raised and despatched promptly, and controls exist to ensure credit notes are appropriately approved. We found regular reports are produced to monitor unpaid invoices and procedures are in place to ensure they are recovered accordingly.

We identified no errors in our key controls testing. We highlighted a few areas to enhance existing controls.

A summary of the actions raised in the review are set out below:

Priority Ranking	Number of audit actions
Low	3
Total	3

Corporate Complaints – Final Report issued March 2020

We conclude based on our audit work that the controls in place to ensure compliance with the Council’s Corporate Complaints procedure provide **Substantial** assurance.

Our audit covered the period from August 2018 to August 2019. In this time, the Council received 76 formal complaints via the corporate complaints procedure. The majority of these complaints were processed and resolved at stage one. However, 14 escalated to stage two. This occurs when the complainant requests a stage two review, which must be substantiated by additional or new evidence not provided at or taken into account during the stage one investigation. If still unsatisfied, the complainant can escalate their complaint to the Local Government & Social Care Ombudsman, or if related to a landlord function, to the Housing Ombudsman.

The Ombudsmen do not normally consider a complaint unless the Council has first had an opportunity to deal with that complaint itself. So if someone complains to the Ombudsmen without having taken the matter up with the Council, the Ombudsmen will usually refer it back to the Council as a ‘premature complaint’ to see if the Council can itself resolve the matter.

For the year ending 31/08/19, 14 complaints relating to Dartford Borough Council were received by the Ombudsmen.

We independently tested a sample of 12 complaints. Our testing followed each complaint through the process to determine the overall level of compliance, up to satisfactory resolution or escalation. The cases tested were selected from Pentana, the system used to log all complaints received by the Council. We found the policies and procedures underpinning the complaints process are generally sound, and testing confirmed that complaints are processed within the required timeframes. However, the evidence necessary to support these timeframes was not always held on the system and we also could not verify that all complaints had been acknowledged within 7 days. Therefore, while the corporate complaints system and framework for dealing with complaints are sufficient, improvements are required, principally to quality assurance processes and training provided to new managers.

A summary of the actions raised in the review are set out below:

Priority Ranking	Number of audit actions
Medium	2
Low	3
Advisory	1
Total	6

Code of Corporate Governance – Final report issued July 2020

Our review found the Council’s arrangements in fulfilling the principles of the Good Governance Framework in respect of Principle A are generally sound. We identified some strong practices, particularly in relation to the organisation’s overall vision and values, appraisals and officer declarations of interests. We have also noted a few opportunities for improvement in relation to receiving positive feedback and training.

Community Safety – Final report issued July 2020

We concluded based on our audit work that the controls in place to support achievement of the Community Safety priorities provide **FULL** assurance.

The Dartford and Gravesham Community Safety Partnership was formed in 2006 and is made up of statutory agencies brought together under a shared responsibility placed upon them by the [Crime and Disorder Act 1998](#) (as amended).

The Partnership has a statutory duty to produce a plan or strategy setting out how it will work to reduce crime and disorder in their areas, which must have regard to the police and crime objectives. The Dartford and Gravesham Community Safety Strategy 2019-2022 (the Strategy) looks back at the successes of the previous strategy and sets out the priorities for the new period.

Our review found the governance structure in place to oversee the activities of the Council in its contribution towards the delivery of the Strategy is sound. The Council reports individually to its Crime and Disorder Scrutiny Committee and collectively to the Community Safety Partnership Executive Group. We found the Council maintains communication with its partner agencies through daily briefings and periodic operational groups, and standard agenda items and minutes ensure their effectiveness. Performance indicators are in place to measure the activities in delivering the Strategy, which are reported periodically.

The Strategy aims to tackle persistent anti-social behaviour and environmental crime (amongst the other priorities). We found procedures in place to report and record instances of anti-social behaviour and our testing confirmed arrangements exist to investigate and monitor such reports.

A summary of the actions raised in the review are set out below:

Priority Ranking	Number of audit actions
Low	1
Total	1

Audit Actions

We raise actions from our work to assist management in addressing control failings, or to suggest service improvements. We track and all audit actions when they fall due. The table below summarises the follow-up and implementation activity since 01 April 2019:

DARTFORD BOROUGH COUNCIL	Total	High Priority	Medium Priority	Low Priority
Actions carried forward from 2018/19	2	0	2	0
2018/19 Actions raised in 2019/20	5	0	3	2
Total 2018/19 actions	7	0	5	2
Implemented between 01/04/19 – 31/5/20	3	0	2	1
2018/19 Actions remaining	4	0	3	1
2019/20 Audit actions	8	0	2	6
Actions where management accepted risk	2	0	1	1
Implemented between 01/04/19 – 31/5/20	2	0	0	2
2019/20 Actions remaining	4	0	1	3
Total actions live	8	0	4	4

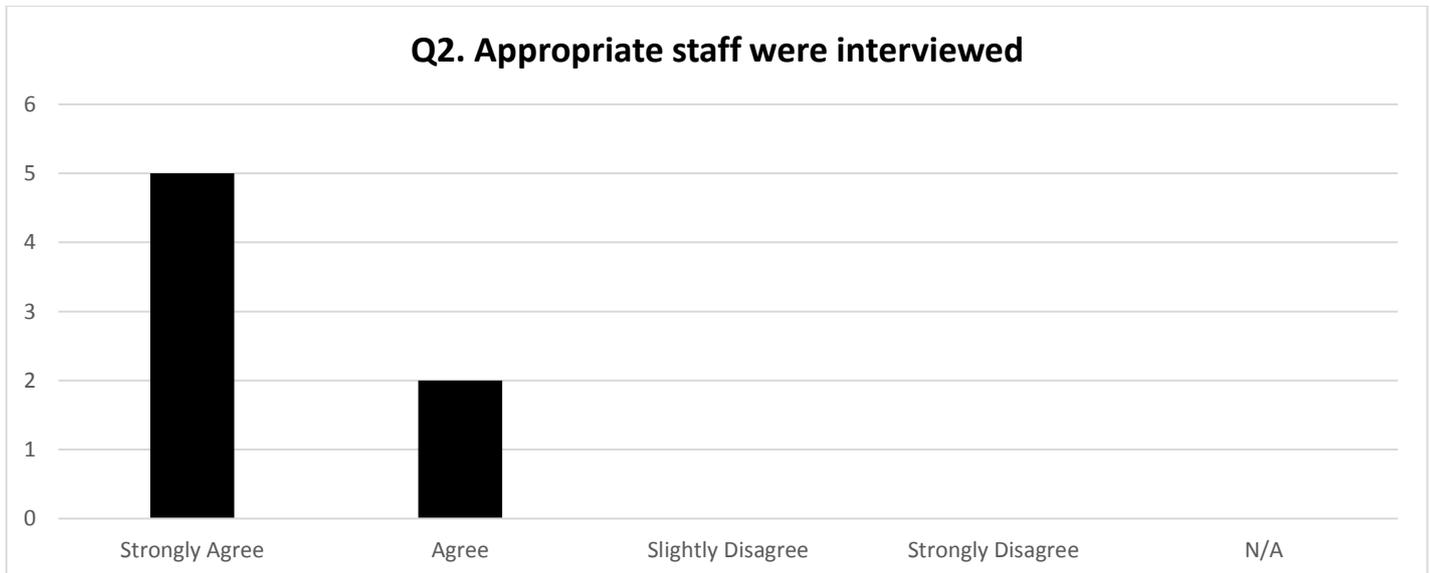
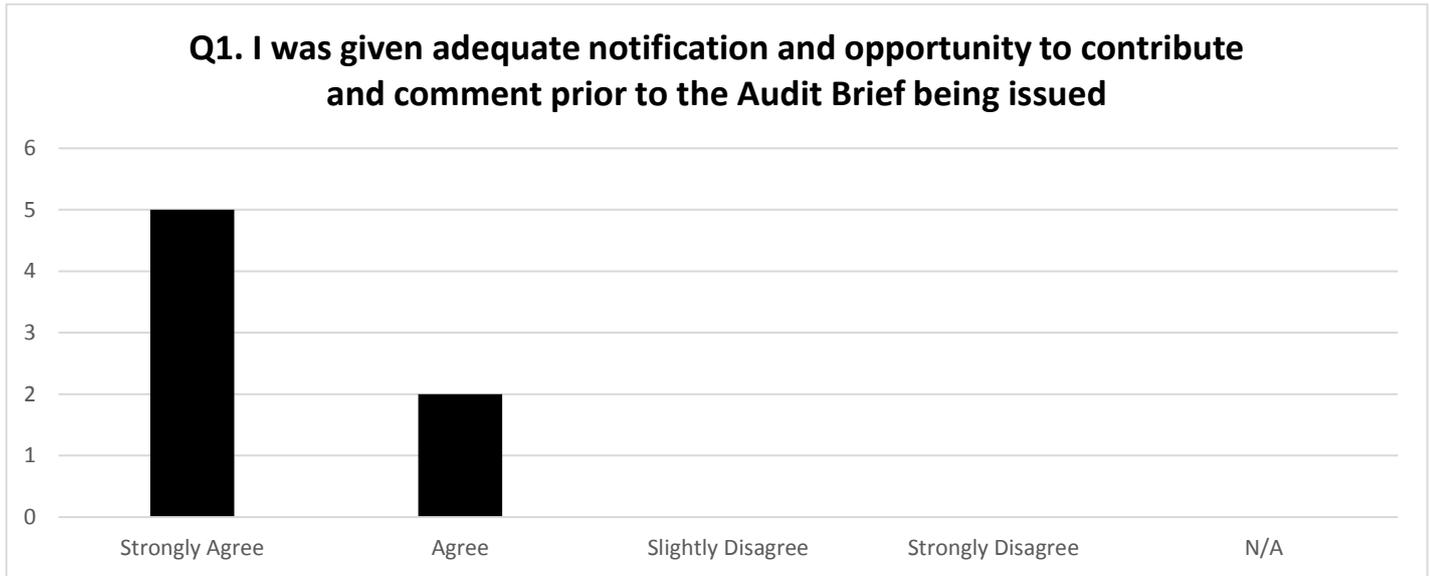
Based on the results of our current follow-up work, there are **8** actions that are 'live' and which we are monitoring. 7 of these are not yet due, either because the original implementation date has not yet lapsed or because we have agreed reasonable revised dates with the service due to additional pressures over the last few months. The final action relates to the backlog of inspections for new food premises; we are currently discussing this with the service and will provide a verbal update at the meeting.

Client Satisfaction

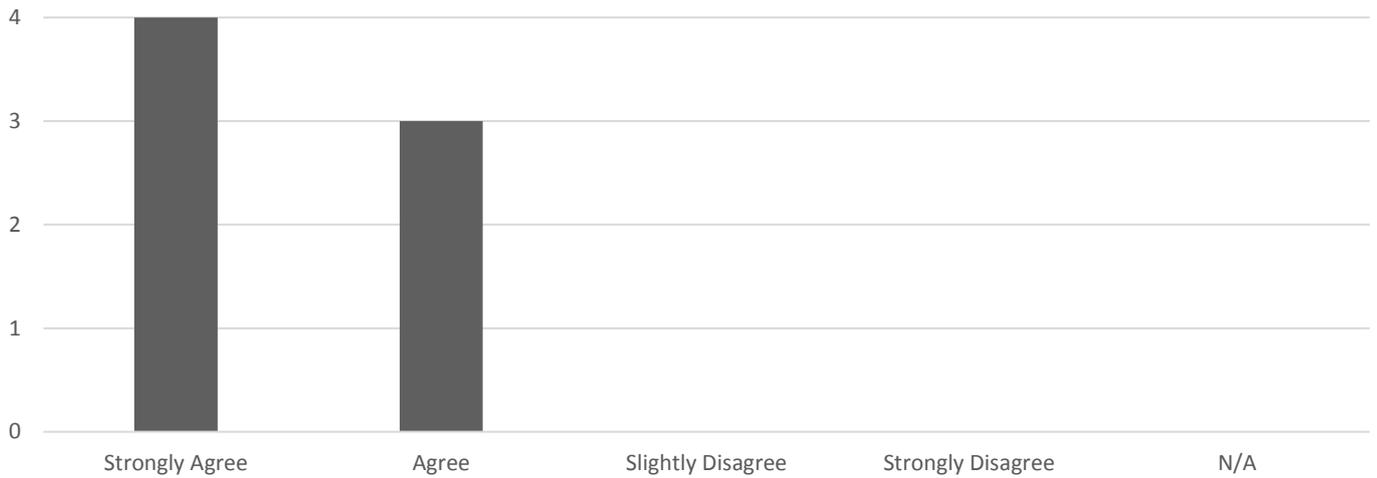
We issue a client survey each time that we complete a piece of audit work. Feedback is important, as it helps us to shape the future of the service – to protect areas of good practice, and to address areas where we need to improve.

We received 13 responses during 2019/20. Seven of the returned questionnaires were completed using the old manual questionnaire and the remaining 6 were completed using the new electronic and redesigned survey.

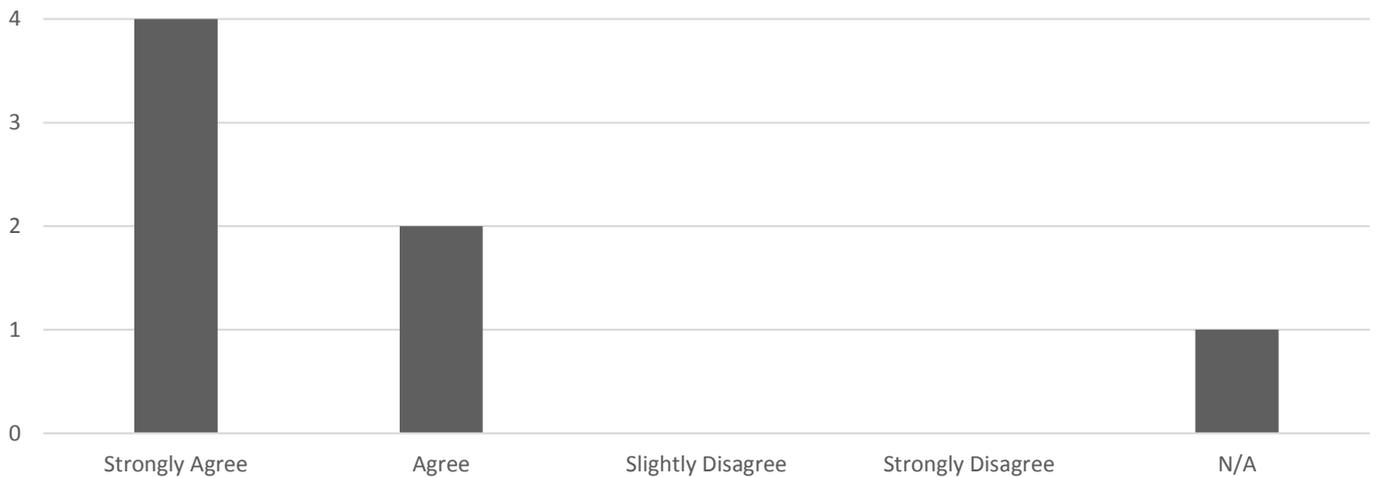
The following tables provide a summary of the responses received:



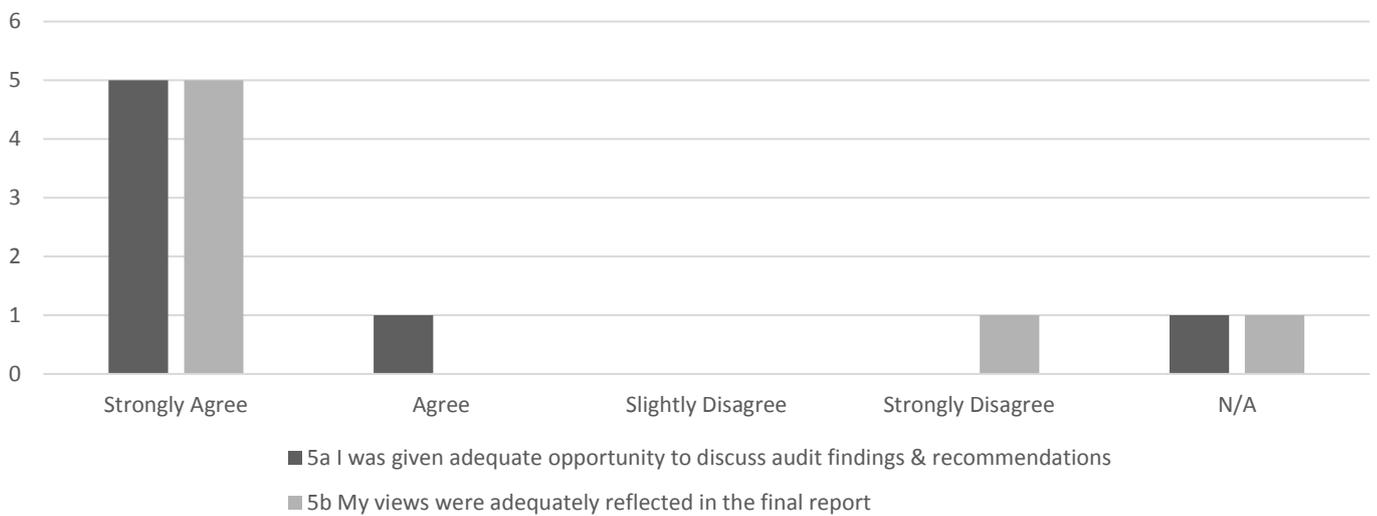
Q3. Audit grasped relevant issues



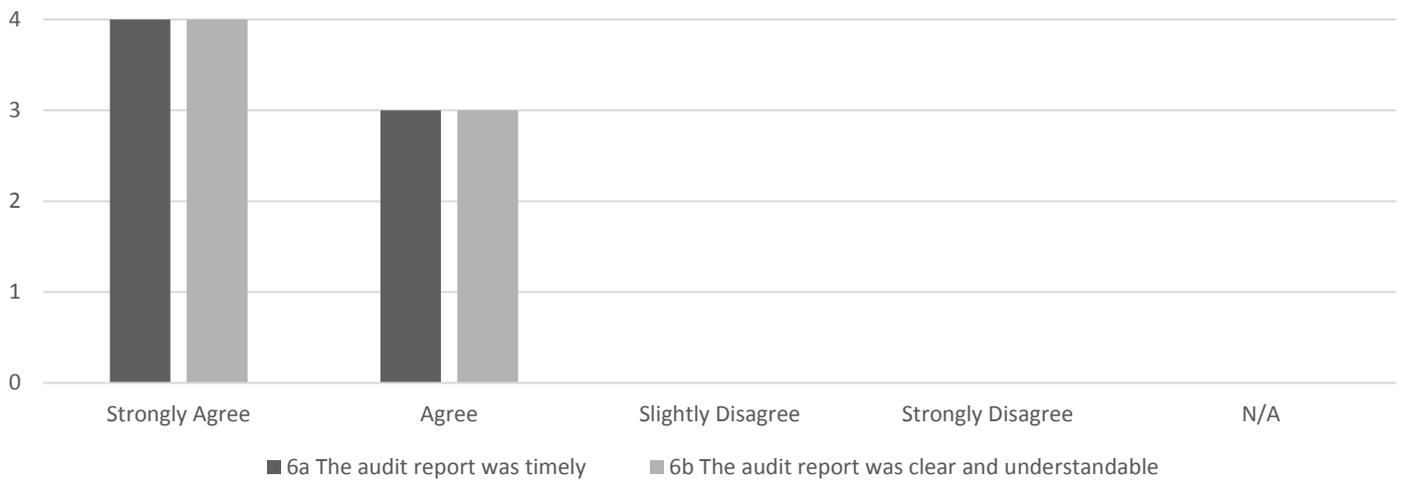
Q4. I am confident with the accuracy of the audit findings



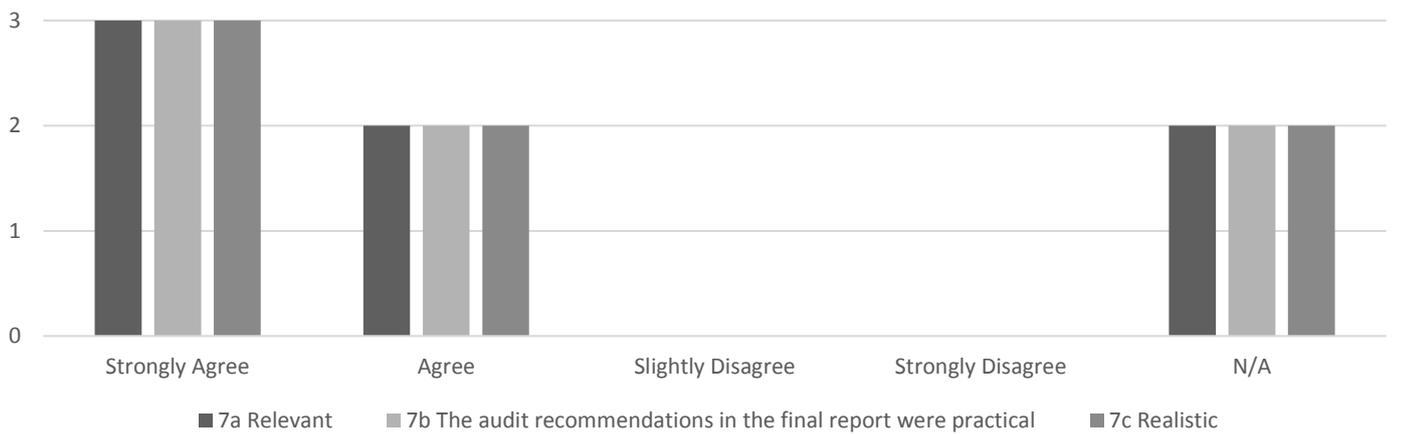
Q5. I was given the opportunity to....



Q6. The audit report was.....

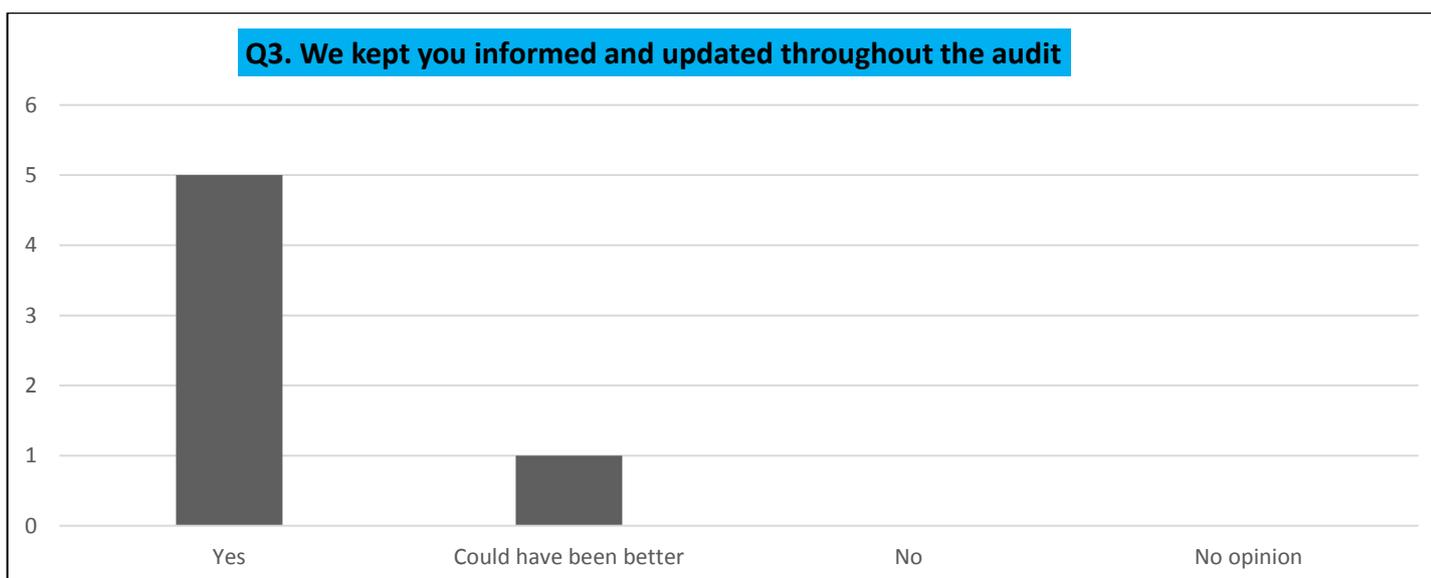
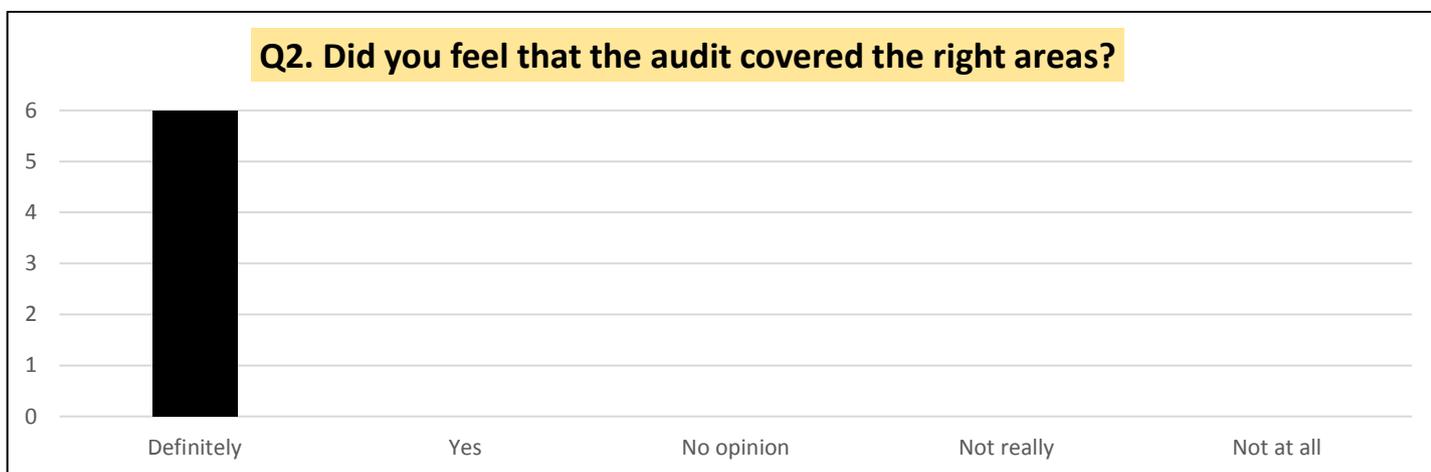
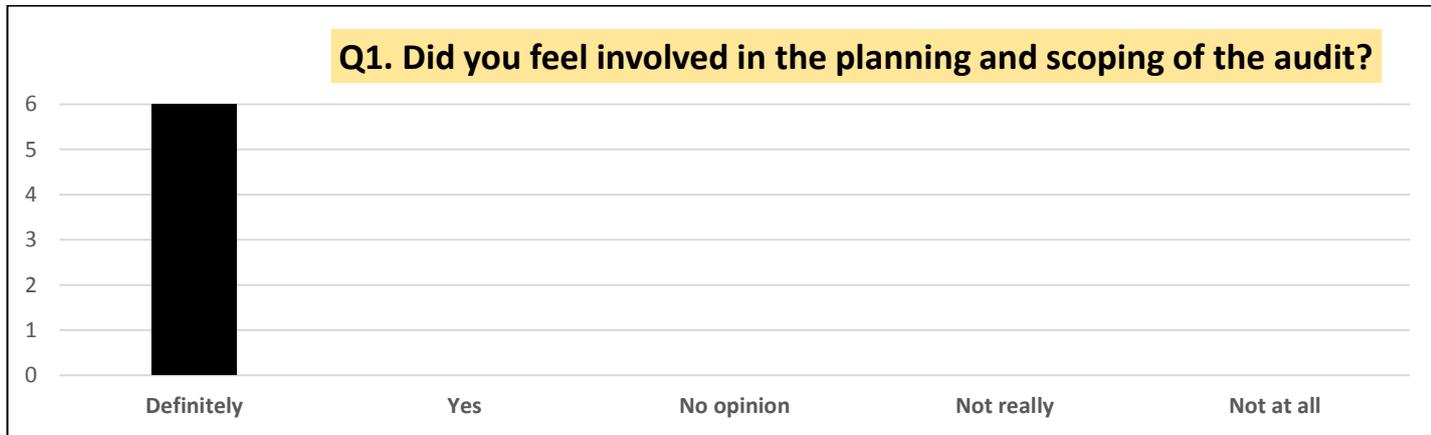


Q7. The audit recommendations were....



Client Feedback 2019/20

Revised questionnaire responses:



Q4. We were sensitive to your availability and workload



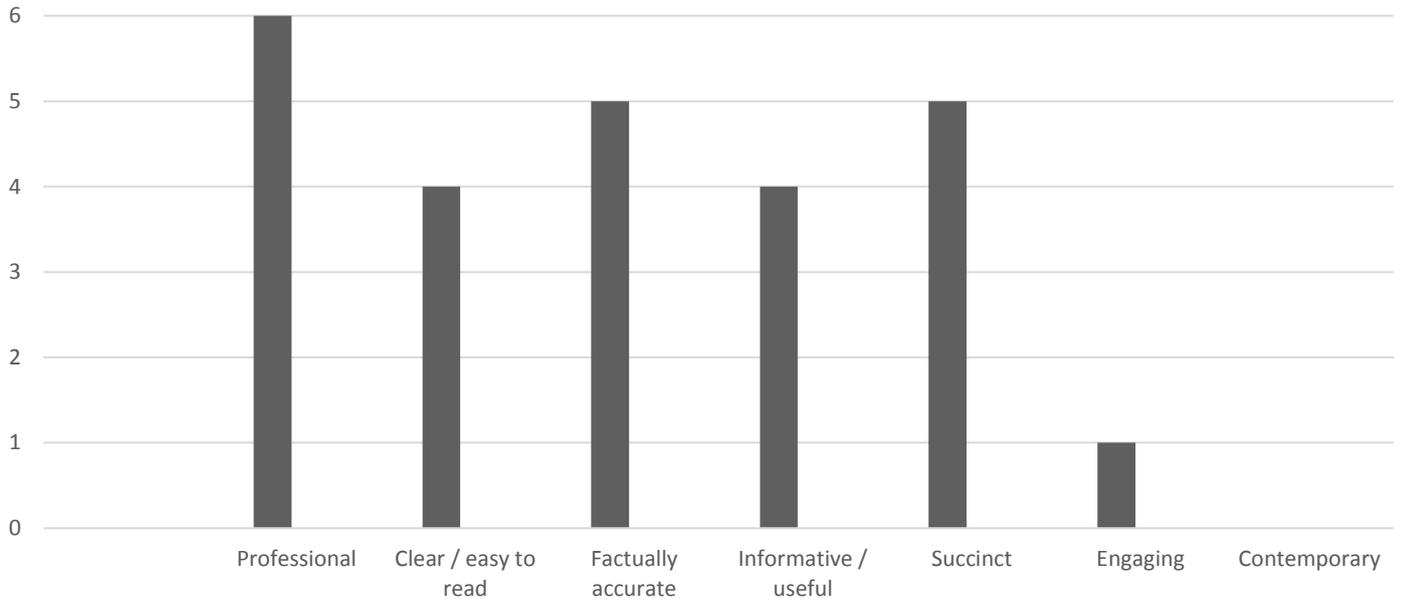
Q5. Did we demonstrate sufficient knowledge of the audit area (service area)?



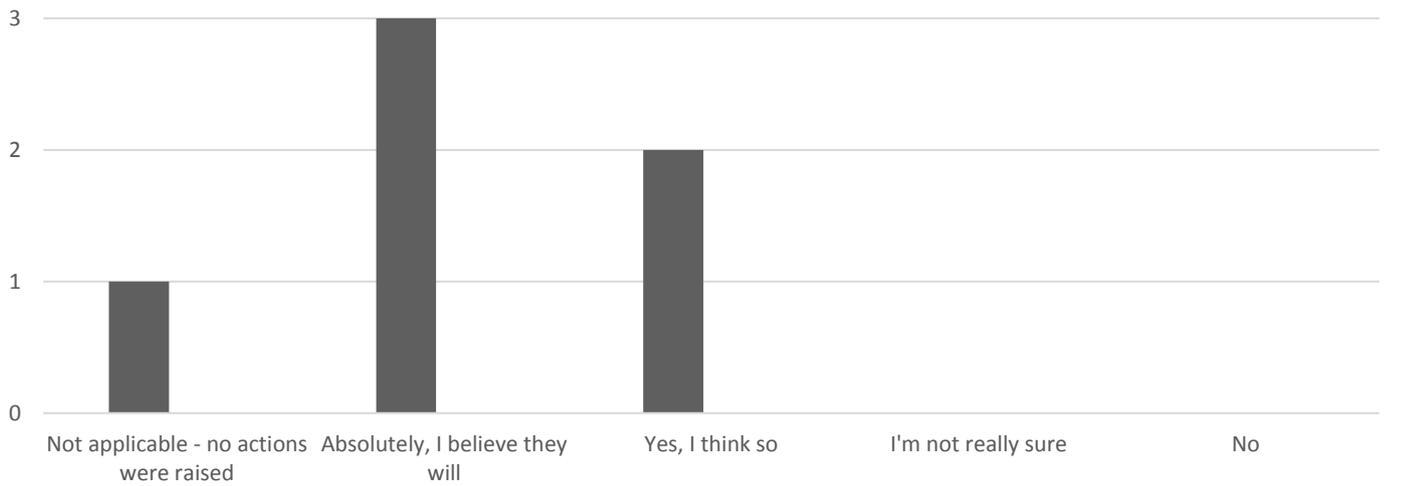
Q6. Did we conduct the audit in a professional and courteous manner?



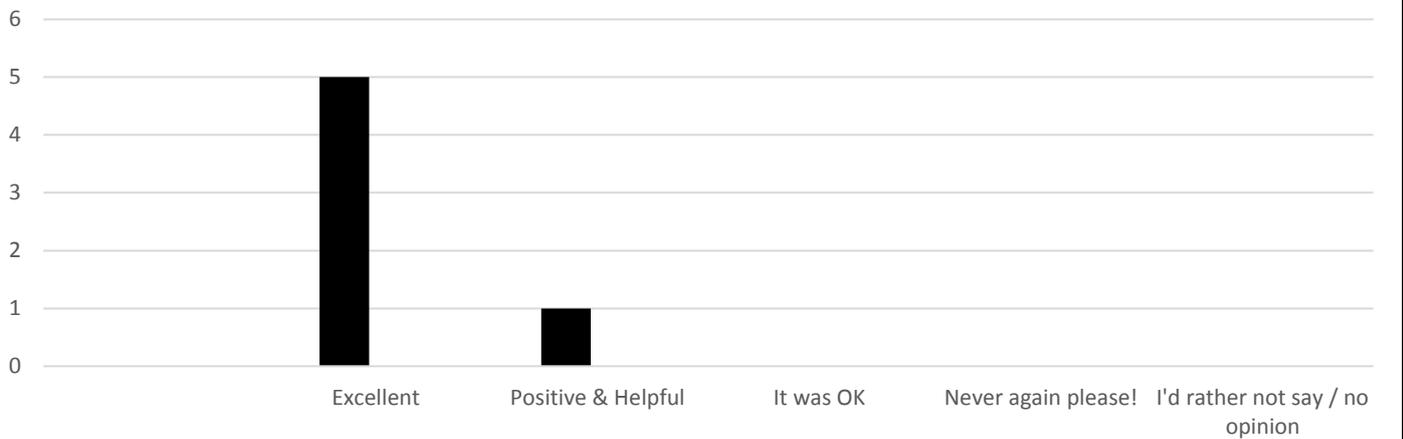
Q7. Our audit report was....



Q8. Do you believe the agreed actions will make a difference?



Q9. How would you rate your overall audit experience?



Q10. Could we have done anything better to improve your overall audit experience?

A	Not that I can think of
B	No
C	The audit experience was fine and the audit team responded positively to management comments on their draft findings.
D	No, it was professionally carried out and non-disruptive
E	No, not at all
F	Useful and helpful exercise and made us tackle an area which needed doing. Provided a useful framework and second view.

Governance

Corporate governance comprises the rules, practices and processes that direct and control the Council. It underpins everything we do, and includes:

- Systems
- Processes & Procedures
- Rules & Laws
- Management & Leadership
- Decision Making

We gain evidence of the effectiveness of the Council's governance through completion of our governance related audits on the audit plan, and also the work we undertake in an advisory or consultative capacity. This work includes:

- **Counter Fraud:** We consider the risk of fraud in all of our regular audit projects, and our audit universe includes relevant policies and procedures aimed at preventing, detecting or tackling fraud (such as Officer Declarations, Gifts and Hospitality, and Expenses). During 2019/20 we have also supported the Council's response to the COVID-19 pandemic by completing counter-fraud checks on a large number of Business Rate grant applicants.
- **Whistleblowing (speaking-up):** The Committee reviewed and adopted the most recent policy in March 2017. The Audit Manager is a named officer in the policy, along with Senior Officers and the Chair of the Audit Committee. We received no official disclosures through the policy in 2019/20. The Whistleblowing policy is in the process of being reviewed and updated.
- **Ad-hoc advice & Consultancy:** Contingency days built into the Plan have been used in order to support the Council's response to COVID-19. Two of the Audit team have been supporting Dartford Borough Council in front line services (the Community Hub) to ensure vulnerable residents have the food and support needed.

During 2019/20 we have raised no high priority findings with regards to governance.

Risk Management

Risk management is a vital element of corporate governance. It is important for the Council not only to be aware of key risks, but to also have processes in place to ensure that those risks are managed well, and where possible, impact is minimised.

By properly responding to risks the Council will be more likely to make informed decisions and achieve its objectives. In addition, effective risk management demonstrates good governance, provides greater internal control and due diligence.

Our audit work takes into account strategic and operational risk management, and our testing considers the effectiveness of the controls in place to manage those risks to acceptable levels. We also have a co-ordination role with regards to the risk management strategy, and will provide support, guidance and training across the Council to help improve risk management arrangements.

During 2019/20 we worked with Senior Management Team to agree the priorities in relation to risk management, including to devise and agree a new risk management strategy. We also provided Audit Board Members with risk management training.

Our audit work did not identify any individual high risk issues in 2019/20, which indicates that risks are being managed. However the overall strategy and risk register does need to be reviewed and refreshed. We will provide assistance in 2020/21 to accomplish this.

Compliance with Professional Standards

The [Public Sector Internal Audit Standards](#) (the Standards) require the Chief Audit Executive (CAE) to develop and maintain a quality assurance and improvement programme (QAIP) which includes both internal and external assessments of compliance with the Standards. Oversight of this programme is provided by the Audit Board.

A paper regarding the forthcoming external assessment is presented as a separate agenda item.

The previous Audit Manager undertook a self-assessment which was reported to Audit Board in the previous financial year and presented compliance at 95%. As the new Audit Manager I am unable at the present time to confirm my agreement with this. I am in the process of undertaking a full, new self- assessment which will be used to inform the EQA.

Our quality process also includes provision for supervision and review of each audit and regular team training.

The Quality Assurance and Improvement Programme will be reviewed in 2020/21 to ensure that it is fit for purpose and meet the team's needs.

Performance

These measures have been developed not only to measure performance, but also to monitor quality improvement, compliance with Standards, and training & development. These were implemented across the Partnership in December 2018. The figures reported below represent the Partnership as a whole, for the period of 01 April 2019 – 31 May 2020:

01 April 2019 – 31 May 2020

Finance: Associated performance indicators		Internal processes: Associated performance indicators	
F1: Projects Completed within budgeted days Indicator measures any variance between the days agreed on the final brief vs. the actual time coded on Teammate TEC	43%	I1: Time taken between issue of the DRAFT and FINAL Audit Brief Indicator measures the effectiveness of our project planning and time taken to prepare the work programme	Average 7 days
F2: Chargeable days (time) Indicator measures the actual chargeable activities against the assumptions made in the audit plan	Average 59%	I2: Time taken between the issue of the FEEDBACK and DRAFT report Indicator measures the currency of our audit finding and effective engagement between Auditors and Clients	Average 17 days
F3: PSIAS conformance Indicator measures effectiveness of the Quality Assurance & Improvement Programme (QIAP) to ensure compliance with professional Standards.	September 19 Self-Assessment 95%	I3: Time taken between issue of the DRAFT report and FINAL report Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner	Average 10 days
Client satisfaction: Associated performance indicators		Learning & Development: Associated performance indicators	
C1: Overall client satisfaction with the audit experience Indicator measures overall satisfaction levels, taking into account the audit approach, conduct, findings and competence of the auditor	34/36 94%	L1: Audit actions fully implemented within agreed timescales Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process	DBC 15/28 54% SDC 22/44 50%
C2: Respondents agreement with the audit actions Indicator measures Client agreement to the audit findings and resulting actions from our audit work	36/39 92%	L2: Training & development days Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan	36 Days (of 58 days)

Acknowledgements

It has been a significant year for the Audit Partnership, with the focus being on a team restructure and subsequent recruitment and induction. I would therefore like to take this opportunity to extend my public thanks to the hard work and resilience demonstrated by the team this year.

I would also like to thank Officers, Managers and Members for their continued support as we have undertaken our work. In particular, the Audit Board whose oversight, assistance and challenge has enabled us to make significant progress in shaping the future of the Partnership.

Appendix I

Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p>Full Assurance</p> <p>(no High or Medium priority actions)</p>	<p>A sound framework of control is in place that meets Council or service objectives. All expected controls tested are in place and are operating effectively.</p> <p>A review with this level of assurance will generally have no actions, or very few LOW priority actions. Agreed actions will be followed up as they fall due.</p>
<p>Substantial Assurance</p> <p>(no High priority actions)</p>	<p>There is generally a sound framework of control in place that meets Council or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk.</p> <p>A review of this level of assurance may raise a number of MEDIUM priority actions. Agreed actions will be followed up as they fall due.</p>
<p>Limited Assurance</p>	<p>There are weaknesses within the framework of control or evidence of non-compliance with Council procedures or good practice, which puts the achievement of the Council's or service objectives in many of the areas reviewed at risk.</p> <p>A review with this level of assurance will raise one or more HIGH priority actions. Actions with a high priority should be acted on as soon as practical and will be followed up as soon as they fall due.</p>
<p>No Assurance</p>	<p>Key controls are absent from the framework of control. There are fundamental weaknesses identified with both the design and operation of the system under review. As a result, it is unlikely that Council or service objectives will be achieved.</p> <p>A review of this level may include a number of HIGH or CRITICAL priority actions. Actions of a critical level will be reported as soon as they are identified and escalated to the relevant Senior Manager. Actions to address the findings will be followed up as soon as they fall due.</p>

Audit Findings Priority Ratings

Priority	Definition
Critical	<p>Control weakness that could have a significant impact upon not only the system, function or process objectives, but also the achievement of the organisation's objectives in relation to:</p> <ul style="list-style-type: none">• the efficient and effective use of resources• the safeguarding of assets• the preparation of reliable financial and operational information• compliance with laws and regulations
High	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organizational objectives.</p>
Medium	<p>Control weakness that has a low impact on the achievement of the key system, function or process objectives; or This weakness has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.</p>
Low	<p>Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.</p>
Advisory	<p>Observations and areas for consideration, these findings are drawn from our shared experience of working across the Council and more widely with partners. These findings require no formal response and will not be followed up.</p>