Appendix B

Leeds City Council

Internal Audit Update Report – Quality and Performance

Corporate Governance and Audit Committee

6th February 2023

INTERNAL AUDIT UPDATE REPORT 2022/23

1ST September 2022 to 31st December 2022

1   Purpose of this report

1.1   This report provides the Committee with a summary on the various activities that provide assurance on the performance and quality of our work along with the continuous improvement of the section.

2   Internal Audit Performance

Feedback

2.1   We actively monitor our performance in a number of areas and encourage feedback. A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditee's opinion on a range of issues and ask for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are presented as an average of the scores received for each question.

2.2   The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff.

2.3   In response to member feedback, we have continued to look at ways of maximising CSQ feedback. We now have a fixed deadline by which we would expect feedback to be returned, and we have implemented a chasing process where this is not the case. We have also been looking at the way in which the information is reported.

2.4   We are now reporting on the number of CSQs that have been issued and returned within the specific period. For the period from 1st September 2022 to 31st December 2022 we have issued a total of 22 Customer Satisfaction Questionnaires and received 16 completed returns at a response rate of 73% in the period.

Customer Satisfaction Questionnaires by Assurance Block
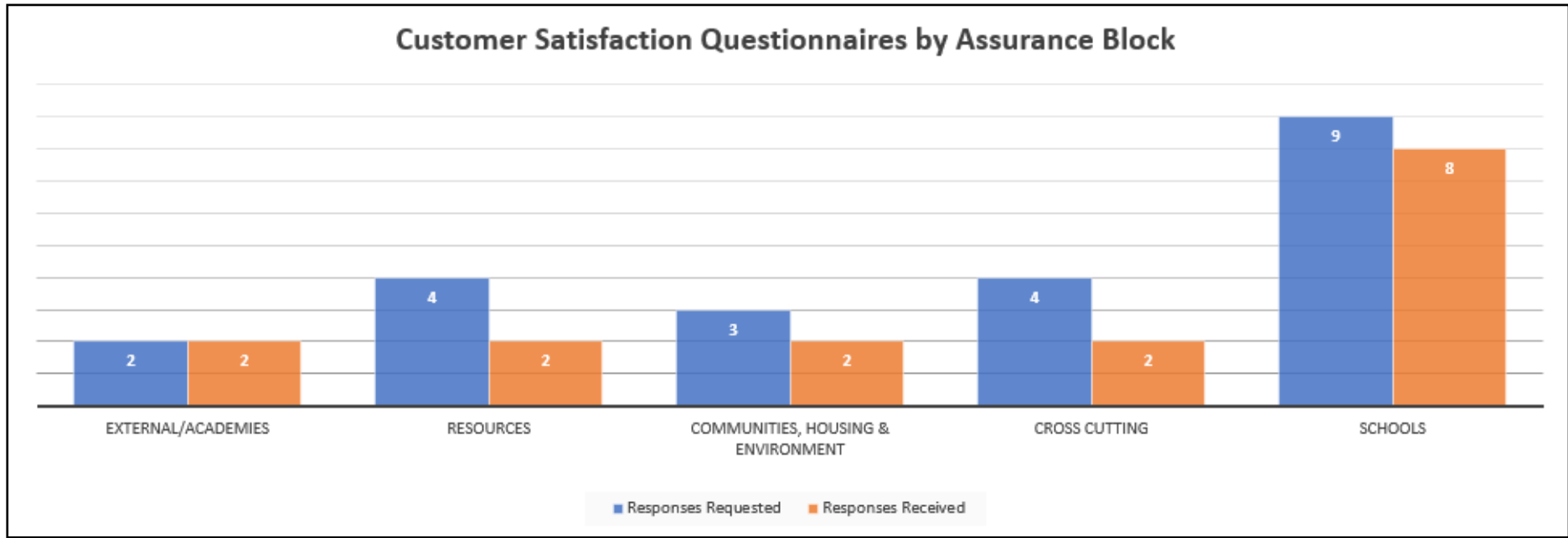
2.5   Below is a summary of comments we have received from services that have completed the CSQs.

"The auditor was challenging with his questions which was great for my first time being the lead on the area. He has made me question why we do things and have given me ideas on how I can improve our reporting by being more accurate and more accountable".

"The auditors were very efficient, and managed their required work effectively, and liaised with me regularly / daily to keep me updated on progress and to resolve any queries / issues, to ensure that together we eventually met the agreed completion deadline date".

"The audit was efficient and constructive. Eleanor offered advice on queries raised and provided guidance on streamlining our processes".

2.6   A summary of the scores is presented in the table below.

Question	Average Score (out of 5)	Max Value	Min Value
Sufficient notice was given	5.00	5.00	5.00
Level of consultation on scope	4.80	5.00	4.00
Auditor's understanding of systems	4.44	5.00	3.00
Audit was undertaken efficiently	4.31	5.00	1.00
Level of consultation during the audit	4.80	5.00	4.00
Audit carried out professionally and objectively	4.75	5.00	3.00
Accuracy of draft report	4.57	5.00	4.00
Opportunity to comment on audit findings	5.00	5.00	5.00
Clarity and conciseness of final report	4.57	5.00	4.00
Prompt issue of final report	4.69	5.00	3.00
Audit recommendations will improve control	4.67	5.00	4.00
The audit was constructive and added value	4.56	5.00	3.00
Overall Average Score	**4.68**		

3   Quality Assurance

3.1   Internal Audit work is undertaken in accordance with internal quality procedures incorporated in the quality management system, which has been ISO (International Organisation for Standardisation) certified since 1998. In November 2022 following the external assessment our ISO Quality Management System certification was renewed. This provides assurance that our quality management system continues to meet the requirements of the ISO (9001:2015) standard and is demonstrating continual improvement.

3.2   We have established Quality Assurance procedures within the Internal Audit team. This includes a Quality and Operational Review Group (QORG) that meet to identify and champion improvements in performance and working practices. As part of this process, the Quality Assurance and Improvement Programme (QAIP), which is a requirement of the Public Sector Internal Audit Standards, is in place to bring together our commitment to continually reviewing and improving the way we deliver our internal audit service and embed our quality system.

Action	Timescale and Status
Assurance mapping will continue to be developed to support the annual audit planning process.	Ongoing – this work is being taken forward and being developed through our annual audit planning process ahead of being rolled out across the teams.
Internal Audit Performance Monitoring – internal performance measures, including KPIs, have been reviewed to support and drive completion of the annual audit plan.	Ongoing – Further work is being undertaken with the aim of producing additional performance monitoring information for the committee.
Internal Audit Reporting Protocols – to update and streamline directorate reporting protocols to drive timely completion of audit reports.	Ongoing – We are continuing to look at the most effective ways of developing and embedding our up-to-date audit protocols.
Internal Audit Technical Manual – to review and update the technical manual as a means of promoting auditing best practice across the team.	Complete – The technical manual has now been reviewed approved.

Action	Timescale and Status
Internal Training Programme – to identify and address relevant training areas across the team.	Substantially complete – A Staff Skills Matrix has been developed and an action plan has been agreed. This will address any areas for development within the Internal Audit team.
Customer Satisfaction Questionnaires – continuing process review	Ongoing – We continue to look at ways of encouraging and maximising feedback and presenting useful information to the committee.
Automation of the recommendation tracking process – to create an automated process for gathering data on the audit recommendation trackers for each assurance area.	Ongoing – Work has begun on the creation of an automated audit recommendation tracking process that will lessen the administrative burden that exists currently to collate recommendation tracking data.

Performance

3.3   We continue to manage our available resources to direct these towards the highest areas of risk to ensure that an evidence-based Head of Internal Audit opinion can be provided on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in accordance with the PSIAS.

3.4   As we continue to develop and refine our key performance indicators, we will look to incorporate further performance information to demonstrate the effective use of our resources.

4   Internal Audit Productivity

4.1   The bar chart below provides a comparison of agreed audit plan days against the days that have been used so far in the 2022/23 Internal Audit plan.

Actual vs Planned Days

Category	Agreed Audit Plan Days	Pro Rata Audit Plan Days	Actual Days
COVID Response	51	38	18
Anti-Fraud and Corruption	377	283	289
Grants and Head of Audit Assurances	142	106	137
Data Analytics	90	68	96
ICT and Information Governance	201	150	27
Finance and Key Financial Systems	355	266	100
Procurement	160	120	49
Directorate Risks – Adults and Health	142	106	66
Directorate Risks – Children and Families	177	133	82
Other Directorate Risks - Communities & Environments	47	35	20
Other Directorate Risks - City Development	47	35	1
Other Directorate Risks - Housing	115	87	24
Other Directorate Risks - Resources	327	245	173
Schools	56	42	45
Corporate Governance and Audit Committee	30	23	37
Contingency	151	101	60