Appendix B

Leeds City Council

Internal Audit Update Report – Quality and Performance

Corporate Governance and Audit Committee

25th September 2023

INTERNAL AUDIT UPDATE REPORT 2023/24

1ST April 2023 to 31st August 2023

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.
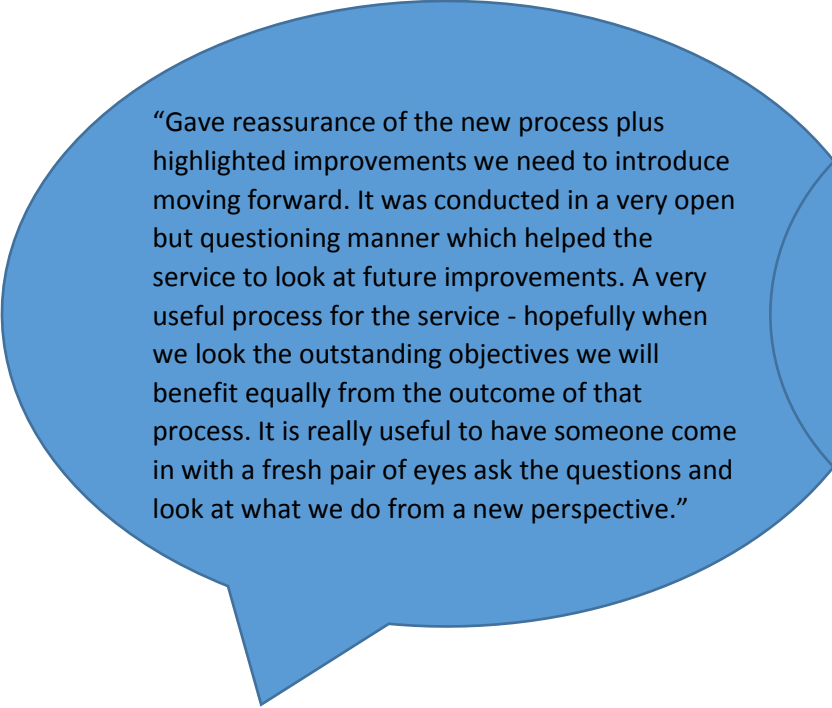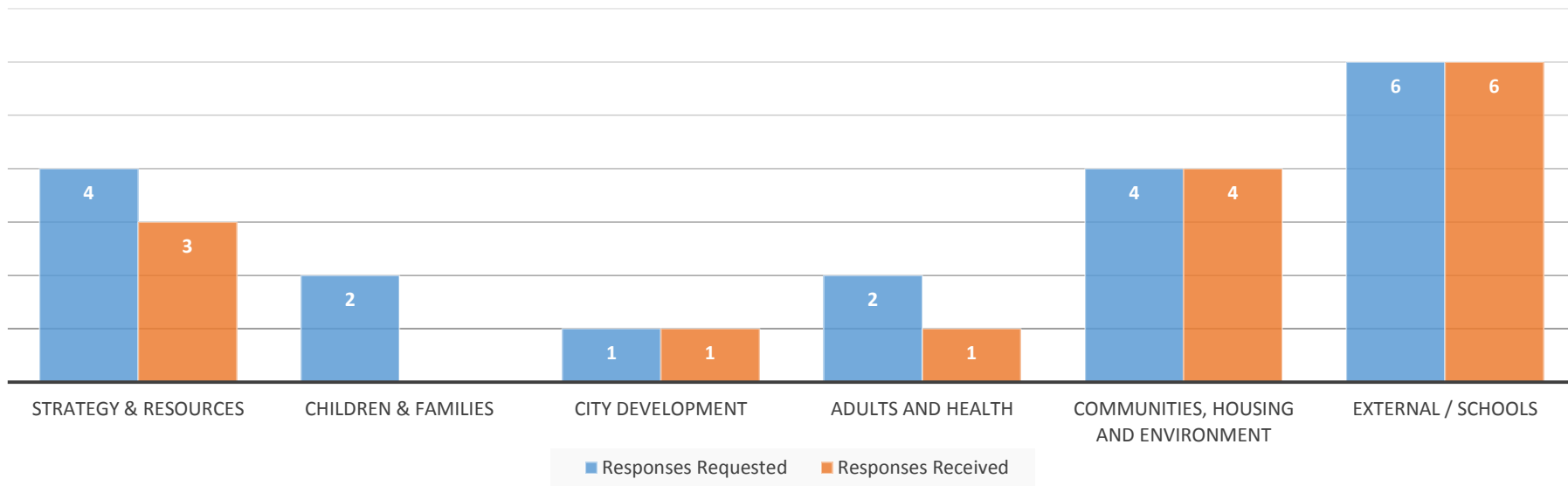
2   Internal Audit Performance

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.

2.2   In 2022/23 as part of our Quality Assurance and Improvement Process, we reviewed our CSQ process and a new approach was developed that has been implemented at the start of 2023/24. This included a revised questionnaire which reduced the number of questions being asked to encourage a better response rate and to specifically focus on the areas that will support our continued improvement as a section. This has resulted in a reduction in questions from 12 to 3. Recipients of the questionnaire are asked to "Please state whether you agree or disagree with the following statements":

- The audit added value overall.

- The audit delivered on the agreed objectives.

- There has been effective communication with the audit team throughout the audit process.

2.3   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.

2.4   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.

2.5   We are now reporting on the number of CSQs that have been issued and returned within the specific period. For the period from 1st April 2023 to 31st August 2023 we have issued a total of 19 Customer Satisfaction Questionnaires and received 15 completed returns at a response rate of 79% in the period.

Customer Satisfaction Questionnaires by Assurance Block

Assurance Block	Responses Requested	Responses Received
STRATEGY & RESOURCES	4	3
CHILDREN & FAMILIES	2	
CITY DEVELOPMENT	1	1
ADULTS AND HEALTH	2	1
COMMUNITIES, HOUSING AND ENVIRONMENT	4	4
EXTERNAL / SCHOOLS	6	6

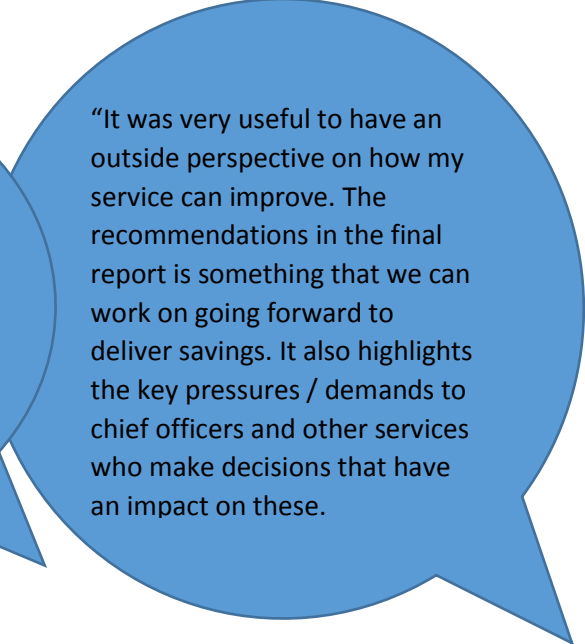Responses Requested   Responses Received

2.6   Below is a summary of comments we have received from services that have completed the CSQs.

"Gave reassurance of the new process plus highlighted improvements we need to introduce moving forward. It was conducted in a very open but questioning manner which helped the service to look at future improvements. A very useful process for the service - hopefully when we look the outstanding objectives we will benefit equally from the outcome of that process. It is really useful to have someone come in with a fresh pair of eyes ask the questions and look at what we do from a new perspective."

"The audit was undertaken in a professional way with no undue disruption to service delivery. We had ample opportunity to comment on the scope and objectives and also on the draft findings and recommendations."

"It was very useful to have an outside perspective on how my service can improve. The recommendations in the final report is something that we can work on going forward to deliver savings. It also highlights the key pressures / demands to chief officers and other services who make decisions that have an impact on these.

2.7 The graph below shows the responses for each question. In all cases, for all questions, the respondents have selected either strongly agree or agree.

CSQ Responses 1st April 2023 to 31st August 2023
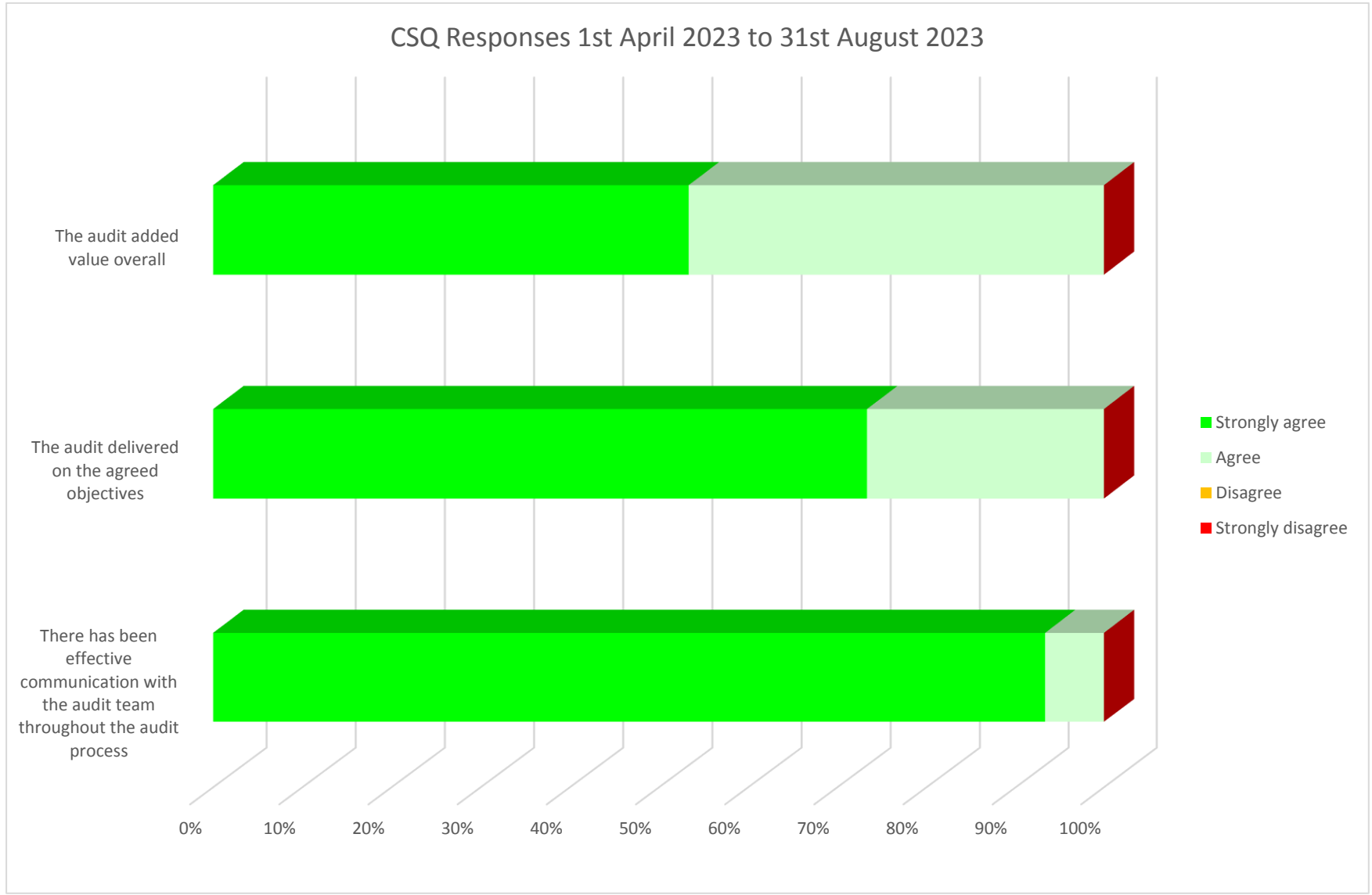
3 Quality Assurance

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 – we are reviewing our assurance mapping arrangements and will report this to the committee within our 2023/24 update reporting cycle.
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 reviewing performance measures and producing meaningful information for the committee. We have reflected on the feedback provided by members of the committee. We have developed a dashboard which is currently at proof of concept stage that we intend to utilise to strengthen performance management and presentation of outcomes. Changes have been made in the information being reported to committee in relation to recommendation tracking and also customer satisfaction.
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.

Action	Timescale and Status
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.
Engagement – To further increase our presence at key forums to enable closer working across the Council, promote the work of the section and obtain information on any emerging areas of risk or concern:	Ongoing – we have identified a number of forums where our engagement will be helpful, this is an ongoing process. There are a number of actions that we have agreed through the appraisal process that will enable us to take this forward.
New Global Internal Audit Standards – We will undertake a self assessment against the new standards when they are published and develop an action plan to ensure we will be compliant when the standards become effective.	Not Yet Started – The International Internal Audit Standards Board is reviewing and updating the International Professional Practices Framework (IPPF) including International Standards for the Professional Practice of Internal Audit on which the Public Sector Internal Audit Standards (PSIAS) are based. These are expected to be released officially before the end of 2023 and there will be an implementation period of 12 months after which the standards will be effective.

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 table below shows the progress of the internal audit plan delivery analysed by the number of plan assignments by assurance block. These are assignments where a report is expected to be produced or we are certifying grant balances. It does not include the consultative work, such as attending boards, that is reported in the other assurance work in appendix A.

Assurance Block	2023/24 plan assignments	Plan assignments completed	Plan assignments in progress	Plan assignments not started
Grants	18	11	1	6
ICT & Information Governance	5			5
Finance & Key Financial Systems	9			9
Procurement	4		2	2
Adults & Health	4		1	3
Children & Families	4			4
Other Directorate Risks	16		4	12
Schools	20	2	4	14

4.2   The focus for the first few months of 2023/24 has been to complete the outstanding audits carried forward from the 2022/23 audit plan. This is reflected in the number of plan assignments that are yet to be started.