



Appendix B

Leeds City Council

Internal Audit Update Report – Quality and Performance

Corporate Governance and Audit Committee

12th February 2024

INTERNAL AUDIT UPDATE REPORT 2023/24

1ST September 2023 to 31ST December 2023

1 Purpose of this report

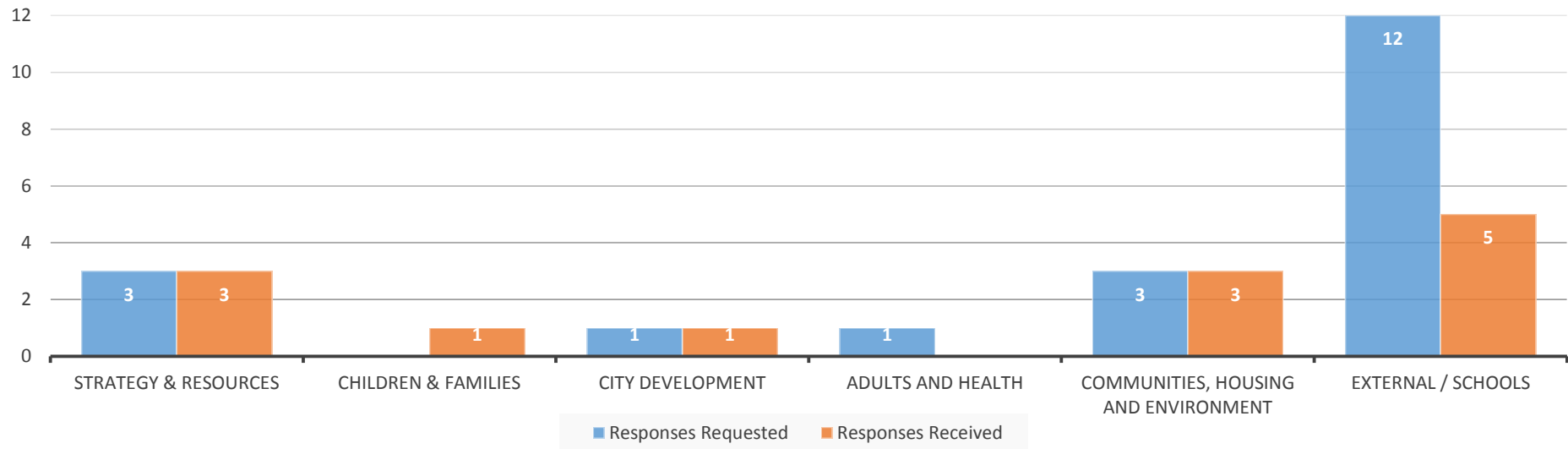
- 1.1 This report provides the Committee with a summary on the various activities that provide assurance on the performance and quality of our work along with the continuous improvement of the section.

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. 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.
- 2.2 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.
- 2.3 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 2023 to 31st December 2023 we have issued a total of 20 Customer Satisfaction Questionnaires and received 13 completed returns at a response rate of 65% in the period. The response rate for the previous period was 79%. The majority of the unreturned CSQs relate to schools and specifically School Voluntary Fund audits. These are carried out on request of the school therefore satisfaction with the work undertaken can be implied.

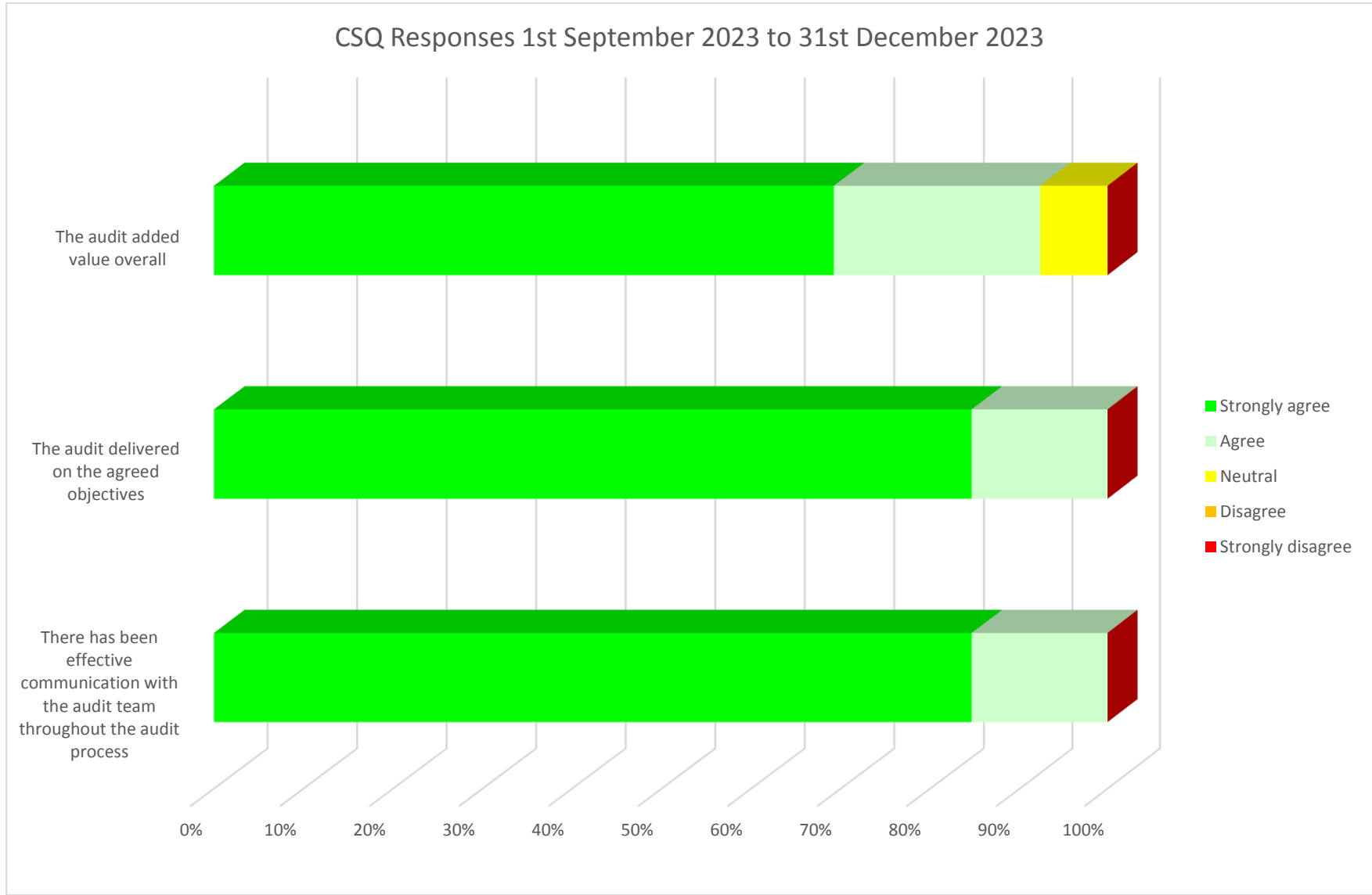
Customer Satisfaction Questionnaires by Assurance Block



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



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



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 currently reviewing the audit planning process itself and how we obtain and evaluate assurances and movements in risk throughout the year. We aim to have a refreshed approach in place for 2024/25.
Internal Audit Performance Monitoring – internal performance measures, including KPIs, have been reviewed to support and drive completion of the annual audit plan.	<p>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.</p> <p>We have developed a to utilise to strengthen performance management and presentation of outcomes. This will be reviewed on an ongoing basis to ensure that it provides the most relevant information for monitoring performance.</p> <p>Changes have been made in the information being reported to committee in relation to recommendation tracking and also customer satisfaction.</p>
Internal Audit Reporting Protocols – to update and streamline directorate reporting protocols to drive timely completion of audit reports.	Ongoing – The protocols have been refreshed and will be relaunched following consultation. We aim to have these established ready for the start of 2024/25. We are continuing to look at the most effective ways of developing and embedding our up-to-date audit protocols.
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 progressed on the creation of an automated audit recommendation tracking process that will lessen the administrative burden that exists currently to collate recommendation tracking data.

Action	Timescale and Status
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.	<p>Not Yet Started – The International Internal Audit Standards Board has approved the new Global Internal Audit Standards which were released on January 9th 2024 and become effective in January 2025. The Public Sector Internal Audit Standards (PSIAS) are based on these.</p> <p>The UK Public Sector Internal Audit Standards Advisory Board (IASAB) will undertake a review of the new global standards. They will seek to determine the implications for the PSIAS as soon as possible and will develop proposals for revised material which will be suitable for the UK public sector context.</p> <p>Any subsequent changes to the UK’s PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements.</p> <p>Once we understand what these requirements are we will undertake a self-assessment to determine what actions we need to take prior to implementation.</p>

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, which 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	15	1	2
ICT & Information Governance	7		3	4
Finance & Key Financial Systems	7		3	4
Procurement	2		2	
Adults & Health	4	1	1	2
Children & Families	3		1	2
Other Directorate Risks	16		8	8
Schools	21	16	4	1

- 4.2 It is evident that a number of pieces of work have not been started. It should be noted that the plan set in March 2023 was based on a resource position significantly in excess of the resource available. This has led us to review how we deliver the work within the plan most effectively. In addition, as is reported in appendix A, a number of pieces of work have been added to the plan to reflect the change in the risk profile of the authority during the year. It is inevitable that not all planned work will be delivered this year and any reviews not started will be rolled into 2024/25 for consideration in the plan through our ongoing risk assessment process. We are currently refreshing our risk assessments ahead of 2024/25 and engaging with key stakeholders across the organisation as we determine our next set of internal audit priorities.