



**Internal Audit
Update Report
1st June to 31st July 2015**

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INTRODUCTION

1.1 Background

1.1.1 The changing public sector environment continues to necessitate an ongoing re-evaluation of the type and level of coverage required to give stakeholders the appropriate level of assurance on the control environment of the Council.

1.1.2 This update report provides stakeholders, including the Corporate Governance and Audit Committee, with a summary of internal audit activity for the period 1st June to 31st July 2015.

1.2 Progress against the Operational Plan – High Level

1.2.1 The following table shows the progress against the operational plan for the period 1st June to 31st July 2015.

1.2.2 Overall resources for 2015/16 are now less than was previously reported to the Committee (shortfall of 376 days against the original plan) due to staff turnover as 3 members of staff have left the Internal Audit Section since the audit plan was presented to the Corporate Governance and Audit Committee. This has resulted in a corresponding saving on the Internal Audit expenditure budget that is being factored in to the regular monthly reporting to Executive Board on the overall financial position of the authority. Consideration is being given to reserving a number of audit assignments of relatively lower risk from the audit plan which would only be completed should additional resources be available.

1.2.3 Audit coverage of the authority's key financial systems remains high priority. However, this has provided an opportunity to look further at alternative ways in which assurance could be provided on the key financial systems, for example, using data analytics techniques. Internal Audit continues to actively manage resources to direct these towards the areas of highest 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 Public Sector Internal Audit Standards.

Assurance Block	Total Days per Audit Plan 2015/16	Days spent at 31st July 2015	% completion at July 2015
Spending Money Wisely	400	137	34%

Assurance Block	Total Days per Audit Plan 2015/16	Days spent at 31 st July 2015	% completion at July 2015
Anti-Fraud and Corruption	694	241	35%
Key Financial Systems	718	94	13%
Grants and Other Head of Audit Assurances	108	44	40%
Compliance	460	176	38%
Procurement	315	85	27%
Risk Based Audits	490	192	39%
ICT	245	18	7%
Housing Leeds	250	69	27%
Total Financial Resource Risks	3680	1056	29%
<u>Contingency</u>			
General Contingency	300	107	36%
Total Contingency	300	107	36%
Total Audit Days	3980	1163	29%

In addition, the audit plan also included days for the following:

Assurance Block	Total Days per Audit Plan 2015/16	Days spent at 31 st July 2015	% completion at July 2015
External Contracts	237	27	11%
Secondments	135	74	55%
Total Days	372	101	27%

1.3 *How Internal Control is reviewed*

- 1.3.1 There are three elements to each internal audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.
- 1.3.2 However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 1.3.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

1.3.4 To ensure consistency in audit reporting, the following definitions of audit assurance are used for all systems and governance audits completed:

Control Environment Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	There are minimal control weaknesses that present very low risk to the control environment.
2	GOOD ASSURANCE	There are minor control weaknesses that present low risk to the control environment.
3	ACCEPTABLE ASSURANCE	There are some control weaknesses that present a medium risk to the control environment.
4	LIMITED ASSURANCE	There are significant control weaknesses that present a high risk to the control environment
5	NO ASSURANCE	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	The control environment has substantially operated as intended although some minor errors have been detected.
2	GOOD ASSURANCE	The control environment has largely operated as intended although some errors have been detected.
3	ACCEPTABLE ASSURANCE	The control environment has mainly operated as intended although errors have been detected.
4	LIMITED ASSURANCE	The control environment has not operated as intended. Significant errors have been detected.
5	NO ASSURANCE	The control environment has fundamentally broken down and is open to significant error or abuse.

1.3.5 Organisational impact will be reported as either major, moderate or minor. All reports with major organisational impacts will be reported to CLT along with the appropriate directorate's agreed action plan.

Organisational Impact		
Level		Definitions
1	MAJOR	The weaknesses identified during the review have left the council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
2	MODERATE	The weaknesses identified during the review have left the council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
3	MINOR	The weaknesses identified during the review have left the council open to low risk. This could have a minor impact on the organisation as a whole.

1.3.6 Specifically for the compliance reviews undertaken, the following definitions have been used to assess the level of compliance in each individual area reviewed:

Opinion for Compliance Audits – Levels of Compliance		
Level	Definitions	
1	HIGH	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
2	MEDIUM	There was general compliance with the agreed policy and/or procedure. Although errors have been identified these are not considered to be material.
3	LOW	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

1.4 Progress against the Operational Plan – Individual Reviews

1.4.1 The individual reports, and the opinions given within those reports, are detailed in the following table. Not all audit reviews will have an opinion in each of the boxes as this is dependant on the type of review undertaken. The following table includes reports issued between 1st June and 31st July 2015:

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Key Financial Systems					
Sundry Income Year End Reconciliation (Civica to Financial Management System)	Substantial		N/A	Strategy and Resources	04/06/2015
Leeds Welfare and Benefits Service – Counter Fraud	Good	Substantial	N/A	Citizens and Communities	05/06/2015
Income Management System to Financial Management System Year End Reconciliation	Substantial		N/A	Strategy and Resources	05/06/2015
Council Tax Year End Reconciliation	Substantial		N/A	Citizens and Communities	15/06/2015
Business Rates Year End Reconciliation	Substantial		N/A	Strategy and Resources	15/06/2015
Housing Rents Year End Reconciliation	Substantial		N/A	Environment and Housing	26/06/2015
Creditors Year End Reconciliation	Substantial		N/A	Strategy and Resources	06/07/2015
BSC Central Payments Service	Substantial	Substantial	Minor	Civic Enterprise Leeds	10/07/2015
Year End Reconciliation of Housing Benefit and Council Tax	Substantial		N/A	Citizens and Communities	31/07/2015

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Risk Based Reviews					
<i>Procurement</i>					
Joint Venture – professional property and building services	Acceptable	Limited	Minor	City Development	16/06/2015
<i>Other</i>					
Commissioning of external residential and independent fostering agency placements	Acceptable	Monitoring and accuracy of payments: Acceptable Call off process: Limited	Moderate	Children's Services	10/06/2015
Troubled Families Programme	Good	Acceptable	Minor	Children's Services	31/07/2015
Spending Money Wisely					
Spending Money Wisely Challenge Review 2014/15 – summaries for Chief Officers	N/A – Summaries of transactions			Cross-Cutting	23/07/2015
Compliance Reviews					
Calverley Parkside Primary School Follow Up Review	N/A	Medium	N/A	Children's Services	10/06/2015
Travel and Subsistence	N/A	Substantial	Minor	Adult Social Care	10/06/2015
Travel and Subsistence	N/A	Substantial	Minor	City Development	11/06/2015
Directorate Purchasing Cards	N/A	Acceptable	Minor	Environment and Housing	18/06/2015
Travel and Subsistence	N/A	Good	Minor	Environment and Housing	18/06/2015
Decision Making	N/A	Substantial	Minor	Children's Services	26/06/2015
Decision Making	N/A	Substantial	Minor	City Development	27/06/2015
Aireborough Leisure Centre Follow Up Review	N/A	Good	N/A	City Development	29/06/2015
Key Performance Indicator – Number of People supported in to jobs	N/A	Substantial	Minor	Children's Services	30/06/2015
Key Performance Indicator – Number of complaints received about council services	N/A	Chief Executive's Office: Substantial Environmental Action: Good	N.A	Citizens and Communities/Environment and Housing	30/06/2015
Area office cash handling arrangements	N/A	Limited	Moderate	Adult Social Care	02/07/2015
Travel and Subsistence – Business Support Centre	N/A	Acceptable	Minor	Civic Enterprise Leeds	02/07/2015
Directorate Purchasing Cards	N/A	Acceptable	Minor	Civic Enterprise Leeds	02/07/2015
Ebor Gardens Primary School	N/A	Limited	N/A	Children's Services	07/07/2015

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Whitecote Primary School	N/A	Good	N/A	Children's Services	10/07/2015
Stanningley Primary School	N/A	Good	N/A	Children's Services	16/07/2015
Crossgates Primary School	N/A	Good	N/A	Children's Services	16/07/2015
Carr Manor Community School - 6 th Form Funding	N/A	Acceptable	Minor	Children's Services	16/07/2015
Roundhay School 6 th Form Funding	N/A	Substantial	Minor	Children's Services	16/07/2015
Nursery Fees Follow up Review (Burley Park Children's Centre)	N/A	Acceptable	Minor	Children's Services	20/07/2015
Rents and Leases of Commercial Properties	N/A	Good	Minor	City Development	20/07/2015
Nursery Fees Follow Up Review (Cottlingley Children's Centre)	N/A	Acceptable	Minor	Children's Services	23/07/2015
Housing Leeds Assurance Framework					
Quality Management Systems – Construction Services	Acceptable	Acceptable	Minor	Environment and Housing	04/06/2015
Housing Needs: Customer Experience	Acceptable	Acceptable	Minor	Environment and Housing	04/06/2015
Welfare Reform Initiatives	Good	Acceptable	Minor	Environment and Housing	09/06/2015
Quality Management Systems – Property and Contracts	Acceptable	Good	Moderate	Environment and Housing	29/06/2015
PFI Gas Servicing	Acceptable	Acceptable	Moderate	Environment and Housing	02/07/2015

Report Title	Results/Opinion	Directorate	Date Issued
Head of Audit Assurances			
Leeds City Region Annual Return – Year Ended 31 st March 2015	The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31st March 2015. Internal audit has been carried out in accordance with the body's needs and planned coverage. Internal Audit found and reported that, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.	Leeds City Region	15/06/2015
Local Transport Capital Block Funding Grant No. 31/1859	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Integrated Transport and Highways Maintenance) Specific Grant Determination 2010 No 31/1859 have been complied with.	City Development	23/06/2015

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Report Title	Results/Opinion	Directorate	Date Issued
Cycling Ambition Grant no 31/2213	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Cycling Ambition Specific Grant Determination 2013-14 No 31/2213 have been complied with.	City Development	23/06/2015
West Yorkshire Plus Transport Fund	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the expenditure incurred by the local authority meets the criteria on the schemes specified in the 27 September 2013 report to the West Yorkshire ITA.	City Development	23/06/2015
Disabled Facilities Capital Grant	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Disabled Facilities Capital Grant Determination (2014t1S) No 91t2244 have been complied with.	Environment and Housing	10/07/2015
Assessed and Supported Year in Employment (AYSE) Grant Claim	Our work included examination, on a sample basis, of evidence relevant to the regularity and propriety Leeds City Council's income and expenditure. From the work carried out, to the best of our knowledge, assurances can be given that the grant paid for the period 2014/15 was applied for the purposes intended by the DfE and the financial transactions conform to the Grant Funding Agreement and objectives specified.	Children's Services	22/07/2015

Further details of key issues identified within each assurance block are included below in the *Summary of Audit Activity and Key Issues at Section 2*.

Section 2

SUMMARY OF AUDIT ACTIVITY AND KEY ISSUES

A summary of reports issued within each assurance block is included in the table in Section 1. The following section highlights any key issues and outcomes within each assurance block.

2.1 Key Financial Systems

Year- End Reconciliations

2.1.1 Internal Audit has re-performed the year-end reconciliations for the following key financial systems:

- Sundry income
- Council Tax
- Business Rates
- Housing Rents
- Income Management System
- Creditors
- Housing Benefits

2.1.2 In all cases, substantial assurance was provided. Reconciliations were undertaken promptly and accurately with appropriate supporting documentation. The review of the year-end reconciliation for Payroll is currently in progress.

2.2 Spending Money Wisely

Spending Money Wisely Challenge - 2014/15 review

2.2.1 The results of the Spending Money Wisely Challenge review for 2014/15 were reported to this Committee on the 9th July 2015. At the meeting, members requested further detail on the areas of non-compliance with the council's Contract Procedure Rules (CPRs).

2.2.2 It is important to note that the majority of the council's expenditure is made on-contract with assurance taken that the primary considerations of achieving value for money have been addressed during the procurement of the contract. The Spending Money Wisely Challenge review for 2014/15 specifically targeted a restricted population of payments made off-contract with individual values in

the sample selected ranging from £237 to £77k. The range of values for the transactions where non-compliances were found was £278 to £25k. The review found that:

- The largest single reason for the non-compliances in the sample was that the supplier chosen was of a specialist nature or the sole provider of the goods or service purchased. A direct appointment was made without the relevant written record or waiver to support the action. A number of other direct appointments were fully funded by third parties who nominated the supplier.
- In a quarter of the non-compliant cases, evidence had not been retained to confirm that the correct number of quotes had been sought. In each of these cases, the procuring officers had advised Internal Audit that quotes had been obtained prior to the procurement and were confident that value for money had been achieved but were unable to provide the evidence of this during the audit.
- Other reasons for non-compliance included the urgency of the procurement; lack of awareness of the procurement rules that should be followed and the identification of additional work after the terms of the initial engagement had been set.

2.2.3 The issues highlighted above have been raised with the relevant Chief Officers. Internal Audit has recommended that officers who have not complied with CPRs should be required to undertake procurement training and that appropriate action is taken for consistent breaches of CPRs.

2.2.4 Internal Audit is currently in the process of reviewing the actions taken by the directorates to address the issues highlighted. The results of this follow up review will be reported to the Committee at the next meeting.

Spending Money Wisely Challenge – 2015/16 work

2.2.5 Internal Audit is continuing to review a sample of transactions to test compliance with CPRs and assess whether the expenditure meets the council's value of spending money wisely. The first two reviews are being undertaken in City Development and Environment and Housing. The outcomes of these reviews will be reported to the Committee at the next meeting.

2.3 *Information Governance and ICT*

Information Governance – Contracts and Commissioning

- 2.3.1 At the Corporate Governance and Audit Committee meeting on the 20th March 2015, members discussed the information governance weaknesses that had been highlighted in a recent audit review of contracts. The Committee resolved to receive examples of information governance issues that have arisen in contracts.
- 2.3.2 The examples relate to the level of detail within the clauses of the contracts regarding data sharing with contractors, compliance checks in respect of data cleansing and access to data once a contract has expired.
- 2.3.3 The follow up review is currently on-going but it has been confirmed that both services reviewed during the previous audit now use the latest tender and contract documentation templates produced by the Projects, Programmes and Procurement Unit (PPPU) to ensure all relevant issues are covered.
- 2.3.4 During the original audit, a contract within Housing Services could not be located. A signed copy of this contract has now been obtained. Housing Services are currently reviewing their filing system to ensure contracts are easily located in the future.
- 2.3.5 The original audit found that in December 2014 approximately 50% of staff had completed the Level 1 Information Governance training. This has now increased to 96%. Action is being taken to ensure that all those outstanding are being progressed where applicable.
- 2.3.6 The outcome of the follow up audit will be reported to the Committee at the next meeting.

Early Leavers Initiative

- 2.3.7 Members expressed an interest in the Early Leavers Initiative at the previous Committee meeting and it was noted that an audit of this area was due to be undertaken. The scope of the audit includes confirming that there is a robust process to ensure that only appropriate business cases are recommended for approval, the criteria for approval has been met, payment calculations are checked and appropriately authorised, payments are accurately processed and savings are accurately calculated and promptly reported. The audit is currently in progress and the results will be reported to the Committee at the next meeting.

2.4 *Compliance Reviews*

Area office cash handling arrangements

- 2.4.1 The Council takes on an appointee or deputy role in the management of a number of service users' finances. This role requires the transfer of any

money/expenditure incurred on behalf of service users to be supported by receipts. An unannounced visit to an area office covering cash handling arrangements highlighted that improvements were required to procedures including spot checks of cash withdrawals to ensure monies are fully accounted for and formalising guidance on the retention and storage of all accounting records including receipts. Further enquiries are being made by the Directorate into a small number of transactions for which there were no receipts (5 transactions with a value of £439.) Team Managers have already been reminded of the need to undertake spot checks of cash transactions to ensure they are fully supported by receipts and a sample of quality audits will be undertaken by the Directorate. Internal Audit will carry out a follow up review later in the year to ensure the recommendations have been implemented and to provide assurance that the internal checks undertaken by Directorate staff have been robust.

Ebor Gardens

- 2.4.2 A review of the financial procedures at Ebor Gardens Primary School was carried out and limited assurance was provided for compliance with procedures due to the weaknesses identified in the administration of the school fund, procurement procedures, inventory controls, and controls over dinner monies and free school meals.
- 2.4.3 An action plan to address the recommendations made has been agreed with the school and a follow up review will be carried out in January 2016 to ensure the recommendations have been implemented.

Follow up of previous audit reports

Calverley Parkside Primary School

- 2.4.4 A review of the financial procedures at Calverley Parkside Primary School was carried out during January 2015 and a low assurance opinion was provided for compliance with procedures due to the weaknesses identified in the administration of the school fund, procurement procedures, inventory controls and incomplete records for income. This was reported to Corporate Governance and Audit Committee in the February to May 2015 update report.
- 2.4.5 The follow up review has now been undertaken and has resulted in an improved assurance opinion as it was confirmed that significant progress has been made in implementing the recommendations reported in the previous audit.

Aireborough Leisure Centre

2.4.6 As reported in the August to November 2014 update report, a review of the controls in place for cash and banking at Aireborough Leisure Centre resulted in an opinion of low level compliance mainly due to issues and working practices relating to the computerised system which is used for processing transactions on the tills (the XN system.) These were:

- The system allowed amendments during the cash up process with no record of these amendments being retained by the system;
- The system did not comply with the Council's Managing Passwords policy in that passwords are not required to be changed at all;
- It appeared that passwords to the XN system had been shared or for duty officers to log onto the system to allow other staff to use their login to authorise cancellations and refunds for operational reasons.

2.4.7 A follow up review has now been carried out to assess progress made against the recommendations made. The review provided an opinion of good assurance as stronger controls are now in place and compliance against them has improved although some errors were still detected. A follow up review of the XN System is also being undertaken separately.

2.5 Risk Based Audits

Professional property and building services joint venture review

2.5.1 Internal Audit has recently undertaken a review of the management of the council's joint venture for professional property and building services, the primary aim being to ensure that this is being managed in such a way as to obtain assurance that value for money is being delivered to the Council.

2.5.2 The review provided acceptable assurance on the control environment, however limited assurance has been given in respect of compliance with the control environment. This reflects the absence of formal performance management reporting of the contract in the last 18 months and that evidence of the approval of the design freeze is not being retained.

2.5.3 An action plan to address the recommendations made has been agreed and a follow up review will be carried out later in the year to ensure this has been implemented.

Commissioning of external residential and independent fostering agency placements

2.5.4 A review of the commissioning arrangements in place for the placement of children with external fostering agencies and residential care providers has been undertaken. This provided acceptable assurance for the control environment

and compliance with controls in relation to the accuracy of payments made to providers and the contract monitoring arrangements in place. However, it was not possible to provide assurance on the accuracy of the charge rates for placements with non-Framework providers due to the absence of the Individual Payment Agreements and evidence of the negotiation process.

- 2.5.5 Limited assurance was provided for compliance with the agreed “call-off” process due to a lack of evidence to verify expected controls (e.g. Authorisation for the external placement via a Delegated Decision Note, the completion of the Decision to Seek Accommodation Form and Record of Actions document). However, monitoring arrangements are in place to ensure that any external placement continues to be in the child’s best interest and whether there may be other more cost effective options, such as independent semi supported living.
- 2.5.6 The issue of the report was delayed pending the receipt of further evidence and supporting documentation from the Placement Service. This information, including trend analysis on the amount of expenditure on non-framework providers, remained outstanding at the time of reporting and will be reviewed during the course of a follow-up audit. The follow up audit will be undertaken later in the year and will review the extent to which the recommendations made within the report have been implemented.
- 2.5.7 Information has subsequently been provided by Commissioning Services which indicates that total expenditure for 2015/16 to date with providers not on the framework contract is 4.7% of total expenditure for independent fostering agencies and 21.2% for external residential placements. This information will be reviewed further as part of the follow up review.

2.6 Counter Fraud and Corruption

Reports Issued

- 2.6.1 In accordance with our agreed protocols, a report is issued to the relevant Director and Chief Officer for each investigation conducted by Internal Audit. The reports provide details of the allegations, findings and conclusions as well as value adding recommendations to address any control weaknesses identified during the course of the investigation. Internal Audit has issued 1 such investigation report during this period.
- 2.6.2 At the Corporate Governance and Audit Committee meeting on the 20th March 2015, members requested that they are informed of the departments where fraud has been discovered. Whilst there are a number of referrals that are in the process of being investigated, there are currently no new cases of confirmed fraud to be brought to the attention of this Committee.

Data Matching

- 2.6.3 Work is on-going to review and investigate the 5,780 recommended matches that have been issued by the National Fraud Initiative (NFI). The outcomes of this work will be reported to the Committee at a future meeting.

Section 3

AUDIT PERFORMANCE 2015/16

At 31st July 2015

3.1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

3.1.1 Internal Audit continues to monitor compliance with the Public Sector Internal Audit Standards (PSIAS) on an on-going basis. The results of the most recent self-assessment exercise to confirm conformance with the PSIAS were reported to Corporate Governance and Audit Committee in the annual internal audit report for 2014/15 on the 9th July 2015.

3.2 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Improvement Action Plans

3.2.1 The Quality Assurance and Improvement Actions Plans for 2014/15 and 2015/16 were reported to Corporate Governance and Audit Committee in the annual internal audit report for 2014/15 at the meeting on 9th July 2015. There are a number of actions which have now been implemented. A progress update is provided below:

Improvement Action Plan for 2015/16			
	Action	Timescale	Status
1	Performance information to be included in the regular update reports to CG&AC will be discussed and agreed with members of the Committee. This will be included in the reports on an on-going basis.	9 th July 2015 On-going	Performance information is included in each update report and discussed with members. The Internal Audit Charter and the QAIP was discussed and agreed on the 9 th July 2015.
2	Review and update the Section's quality procedures and ensure these are fit for purpose and effective.	31 st July 2015	The review has now been completed. The Section's procedures are fit for purpose.
3	Investigate options for integrated Audit Management Software (timesheets and working papers) including business case and implement new automated working practices/documentation.	By 31 st March 2016	In progress.

Improvement Action Plan for 2015/16			
	Action	Timescale	Status
4	Review and update audit reporting protocols with Directorates.	31 st July 2015	The aim of the review was to assess whether the existing reporting protocols were up to date and fit for purpose. This confirmed that the protocols were fit for purpose but amendments were made to update – where necessary – the client contact officers for the issuing of draft and final reports.
5	Review and update the Internal Audit Technical Manual to ensure this reflects current working practices and meets the requirements of PSIAS.	31 st July 2015	The review has been completed. The Technical Manual reflects current working practices and meets the requirements of PSIAS.
6	Ensure the recommendations made in the Information Governance review of Audit and Investment have been fully implemented.	30 th September 2015	In progress.

3.2.2 The only action which remains outstanding from the 2014/15 Improvement Action Plan is the external assessment process for conformance with the Public Sector Internal Audit Standards which needs to be completed by 2017/18 at the latest. In addition, further work is being undertaken during 2015/16 to formalise assurance mapping and this action is shown as being partly implemented.

3.3 ENSURING QUALITY

3.3.1 Internal Audit is committed to delivering a quality product to the highest professional standards that adds value to our customers. We actively monitor our performance in a number of areas and encourage feedback from customers.

3.3.2 All our work is undertaken in accordance with our quality management system; we have now been ISO accredited for over fifteen years.

3.3.3 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 asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are based on the percentage of those assessments that are 3 (satisfactory) or above.

- 3.3.4 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. The results are also benchmarked with other core cities who have adopted the same questionnaire.
- 3.3.5 As at 31st July 2015, 20 completed Customer Satisfaction Questionnaires had been received in relation to audit reports issued since 1st April 2015.

Results from Customer Satisfaction Questionnaires

Question	2015/16	2015/16
	Actual to date At 31 st July 2015 - %	Average Score At 31 st July 2015
	Score 3 or above	
Notice	100%	4.63
Scope	95%	4.30
Understanding	100%	4.25
Efficiency	95%	4.50
Consultation	100%	4.45
Professional/Objective	100%	4.60
Accuracy of Draft	100%	4.40
Opportunity to comment	100%	4.65
Final Report - Clarity & Conciseness	100%	4.40
Final Report – Prompt	85%	3.95
Recommendations	100%	4.11
Added Value	100%	4.20
Overall Average Score		4.37

- 3.3.6 The results from the Customer Satisfaction Questionnaires are again encouraging given the increasing complexity of some of the audit assignments included within the audit plan.
- 3.3.7 These results are in line with previous update report but show an improvement in the areas of level of consultation on the scope and objectives of the audit and the efficiency of the audit (increased from 90% to 95% scoring 3 or above.) In addition, the Section has been reviewing its procedures with the aim of improving the timeliness of issue of final reports. It is encouraging to see that

this area has improved since the previous update report from 70% to 85% scoring 3 or above.