



Appendix B

Leeds City Council

Internal Audit Update Report – Quality and Performance

Corporate Governance and Audit Committee

26th June 2023

INTERNAL AUDIT UPDATE REPORT 2022/23

1ST January 2023 to 31ST March 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.

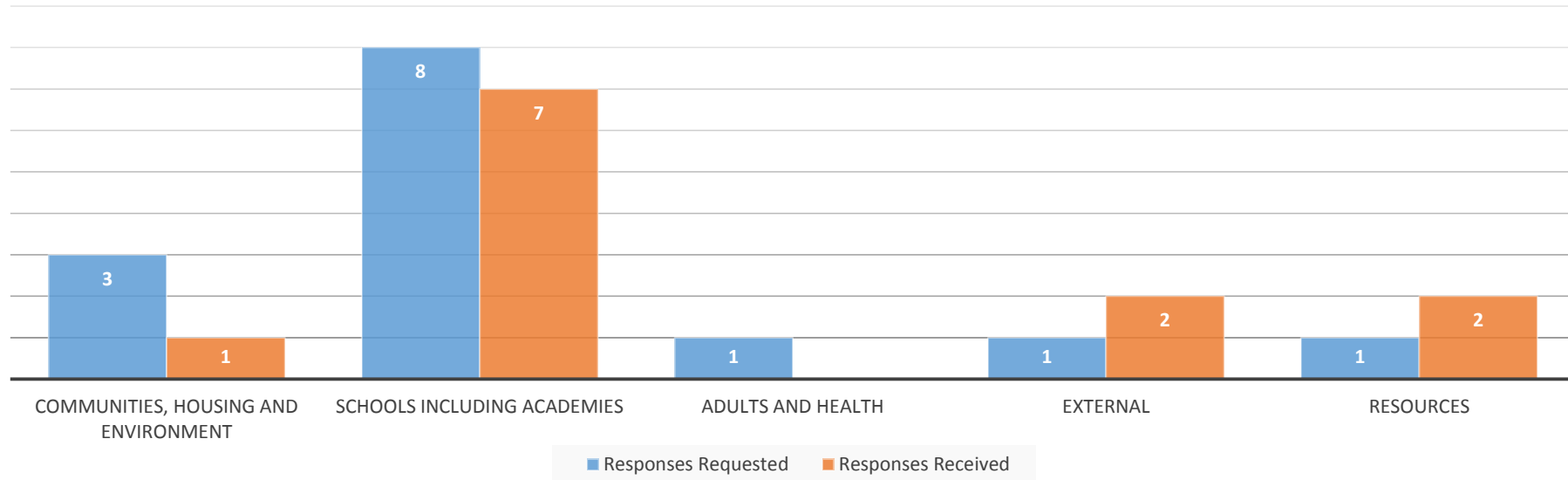
2 Internal Audit Performance

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. Our approach to gathering feedback has involved asking for the auditee's opinion on a range of issues and ask for an assessment ranging from 5 (for excellent) to 1 (for poor). Over the course of the year, the results from these have been presented as an average of the scores received for each question. 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, and this has been an action within our Quality Assurance and Improvement Programme for some time. We have taken various steps including imposing a fixed deadline by which we would expect feedback to be returned, and we implemented a chasing process where this is not achieved. We now report on the number of CSQs that have been issued and returned within the specific reporting period.
- 2.3 We have also benchmarked our arrangements against other core cities and reviewed the questions that we ask. This has led us to rationalising the number of questions posed in our CSQs in order to maximise the value added by the survey and encourage a swift and efficient response. The new approach has been used from the start of the new financial year, and the results of these will be reported within future Update Reports.

2.4 For the period from 1st January 2023 to 31st March 2023 we issued a total of 15 Customer Satisfaction Questionnaires using the previous format, and received 11 completed returns at a response rate of 73% in the period. Results can be seen below.

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 working relationship with the auditors is excellent overall and they have a good understanding of the processes and the challenges.”

“It was well communicated and service views were obtained , understood and incorporated into the final report”

“I particularly liked the approach of the auditors who made the whole process very easy to engage with. I felt a lot of consideration was given to the gathering information in a workable way and this was much appreciated.”

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	4.86	5.00	4.00
Level of consultation on scope	4.63	5.00	3.00
Auditor's understanding of systems	4.33	5.00	3.00
Audit was undertaken efficiently	4.25	5.00	1.00
Level of consultation during the audit	4.56	5.00	4.00
Audit carried out professionally and objectively	4.58	5.00	3.00
Accuracy of draft report	4.50	5.00	4.00
Opportunity to comment on audit findings	4.88	5.00	4.00
Clarity and conciseness of final report	4.50	5.00	4.00
Prompt issue of final report	4.42	5.00	3.00
Audit recommendations will improve control	4.22	5.00	3.00
The audit was constructive and added value	4.17	5.00	2.00
Overall Average Score	4.49		

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 reviewing performance measures and producing meaningful 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 Training Programme – to identify and address relevant training areas across the team.	Complete – A Staff Skills Matrix has been developed and an action plan has been agreed. This will be used in 1:1s and appraisals to address any areas for development within the Internal Audit team.

Action	Timescale and Status
Customer Satisfaction Questionnaires – continuing process review	Complete – A new approach has been developed and implemented at the start of the new financial year. This will come through in the future update reports.
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 We are now actively recruiting to our new structure, and this has included changes at Head of Audit level. Recruitments are now continuing throughout the team. Whilst the effect of recruitment alongside the impact of natural staff turnover inevitably creates some temporary pressure on our available resource over the recent period, we continue to perform effectively and progress towards the completion of planned work to deliver the annual opinion.
- 3.5 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

