

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 08 March 2022

Reporting officer: James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

Subject: Internal Audit Quality Assurance & Improvement Programme

Purpose and summary of report:

To present for approval the Internal Audit Quality Assurance & Improvement Programme (QAIP) for 2022-23.

Recommendations:

1. Members approve the QAIP presented at Appendix 2 for use in 2022-23.

Key Implications:	
Item	Implications
Legal	The Accounts & Audit Regulations 2015 require local authorities to: undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These Standards are also supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards. The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities.
Finance and Value for Money	An adequate and effective Internal Audit function provides the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services.
Corporate Plan	The work of the Internal Audit supports the council in achieving all of its objectives set out in the Corporate Plan but is particularly relevant to Objective #3 Progress.
Climate Change	There are no direct climate change implications to this report.

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (Standards) require that: The Chief Audit Executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. On 15 February 2021, the Finance & Audit Committee approved the Quality Assurance & Improvement Programme (QAIP) prepared to meet this requirement for 2021-22.

2. Review of the Quality Assurance & Improvement Programme (QAIP)

- 2.1 The QAIP for 2021-22 was designed to meet the requirements of the Standards and CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards and also reflect the shared service arrangements with Gravesham Borough Council. Since the creation of the shared service, the QAIP has also integrated counter fraud to reflect that staff were working in multi-disciplinary roles.
- 2.2 Officers within Internal Audit and Counter Fraud have now moved to designated roles and there is no formal requirement for the activity of the counter fraud team to be included in the QAIP as it is meant to reflect internal audit activity.
- 2.3 Accordingly, a complete refresh of the QAIP has been undertaken to ensure it is reflective of the requirements in the Standards. The majority of the performance indicators remain unchanged and have just moved to a focus on Internal Audit, so those relating to counter fraud activity have been removed, however details of the other main changes can be found below.

Non LA Specific Measures

- 2.3.□.1 The costs of the shared service are no longer included as part of the QAIP or the service targets. The information will however continue to be reported to the Committee within the financial implications section of future reports.
- 2.3.□.2 The outturn of targets for the proportion of staff with professional qualifications relevant to internal audit and the proportion of staff undertaking professional qualification training have been adjusted to reflect that they are based on the internal audit team only rather than the entire service. The targets have also been adjusted to reflect what is achievable in a financial year. For example, it will always be the aim to have 100% of staff with the relevant qualification but it is unrealistic to suggest that this could be achieved in one year, due to budget pressures and the fact that it may take longer than 12 months for an individual to qualify.
- 2.3.□.3 The target for time spent on CPD/non-professional qualifications has been adjusted to reflect that the outturn will be based on the Internal Audit Team only.

LA Specific Measures

- 2.3.□.4 The measures for customer satisfaction with individual reviews and overall satisfaction with the service based on the Chairs input into the Head of Internal Audit & Counter Fraud (HIACF) performance review have been replaced with one target for target for Client, Management and Member satisfaction with internal audit services, which will be based on an annual satisfaction survey. While surveys for individual reviews will continue to be used, their results will be used to inform individual performance of officers. The Chair of the Committee will also be invited to

contribute to the HIACF annual performance review but this is again reflective of an individual rather than the service.

- 2.4 While the measures relating to counter fraud have been removed from the QAIP, formal performance measures for the team will still exist and will be included as part of the Counter Fraud Plan document.
- 2.5 The performance against the measures outlined in the QAIP and those relating to Counter Fraud will continue to be reported in the periodic update reports and the annual reports presented to the Finance & audit Committee.
- 2.6 A copy of the Internal Audit QAIP is presented at Appendix 2.

3. Appendices

- 3.1 The following documents are to be published with the report:
- 3.2 Appendix 2: Internal Audit QAIP 2022-23

4. Background Documents

- 4.1 There are no background documents.

Lead Officer: James Larkin

Email: James.larkin@medway.gov.uk

Secondary Implications	
Risk Assessment	The Public Sector Internal Audit Standards require that: The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The QAIP is intended to ensure that the service is developed in line with the aspirations of those charged with governance at Medway Council and Gravesham Borough Council.
Data Protection Impact Assessment	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data ? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. No
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk . N/A
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
Crime and Disorder	The Internal Audit Team provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations' objectives. The work of the team combined with a sound internal control environment has a positive contribution to community safety in its broadest sense.
Digital and website implications	The council's performance management framework includes the publication of the outturns against the Performance Measures and Indicators in the Corporate Business Plan. The proportion of recommendations made by the Internal Audit that are implemented by Management is one of the council's overall Performance Indicators and is therefore reported to the public via the council's Annual Report published on the council's website.
Safeguarding children and vulnerable adults	There are no direct safeguarding implications to this report.