

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 07 March 2023

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 2023-24.

Recommendations:

1. Members approve the QAIP presented at Appendix 3 for use in 2023-24.

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 8 March, the Finance & Audit Committee approved the Quality Assurance & Improvement Programme (QAIP) prepared to meet this requirement for 2022-23.

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

- 2.1 The QAIP for 2022-23 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 Medway Council. Since the creation of the shared service.
- 2.2 There are some minor changes in the main body of the document, which are designed to enhance the document and accurately reflect the way the team is operating. These are all shown as tracked changes in appendix 2 for ease of reference.
- 2.3 There have also been some changes to the Key performance indicators for the coming year, which are also shown as tracked changes, although an explanation for each change is provided below.

Non LA Specific Measures

- 2.3..1 *IA1 - Proportion of staff with professional qualification relevant to internal audit.* The service has little control over how quickly staff can progress through training due to budgetary constraints and also the fact that apprenticeships can last for two to three years. As such, we would have to continually increase the target year on year based on a level that may be achievable or set a desired target that the team may not be able to reach for several years, effectively setting a target that is not achievable. In both scenarios, the target adds little value but continuing to report a % outturn along with an explanation to demonstrate improvements and will continue to comply with PSIAS by showing the competence of the service.
- 2.3..2 *IA2 - Proportion of non-qualified staff undertaking professional qualification training.* The outturn for this measure fluctuates considerably as staff start and finish courses, as this alters the number undertaking training as well as the calculation for non-qualified staff as more gain professional qualifications. As with IA1, the significant fluctuations make a target meaningless as it does not properly demonstrate how things are progressing. Instead, we will continue to report a % outturn along with an explanation for significant variations.
- 2.3..3 *IA4 - Time spent on CPD/non-professional qualification training, learning & development.* This has been amended to reflect that time on corporate training is also included that may have to be undertaken as council employees, as well as training related to their specific role.

LA Specific Measures

- 2.3..4 *IA7 – Proportion of available resources spent on chargeable work.* Our Internal audit Plans are based upon the level of projected resource available, which is calculated using the number of working days available for all staff, then deducting allowances for things like leave, training, administrative duties, sickness etc. We have always calculated the % of

chargeable time by measuring the days spent on audit work and those on other duties. This in effect double counts the time we have already made allowance for. Instead we will report the number of days spent on audit work as a % figure of the original projected days available.

- 2.3..5 *IA11 - Proportion of actions agreed by client management to address control weaknesses.* There has always been a target to demonstrate how services were responding to recommendations made by Internal Audit. We have now moved to agreeing actions with management, where managers agree a suitable course of action to address control weaknesses, rather than managers accepting a recommendation. Therefore, we will continually present 100% on the measure with the outturn not providing any real value.
- 2.4 The performance against the measures outlined in the QAIP will continue to be reported in the periodic update reports and the annual reports presented to the Audit Committee.
- 2.5 A copy of the proposed Internal Audit QAIP for 2023-24 presented at Appendix 3.

3. Appendices

- 3.1 The following documents are to be published with the report:
- 3.2 Appendix 2: Internal Audit QAIP – Proposed Amendments
- 3.3 Appendix 3: Draft Internal Audit QAIP 2023-24

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.