

Summary of Measures to demonstrate the effectiveness of Internal Audit – 2019-20 Review

Measure	Finding
<p>Review of the Internal Audit team against proper practice, as defined as the <i>Public Sector Internal Audit Standards and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards</i>.</p>	<p>The Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards were introduced as proper Practice from 1 April 2013 (amended April 2017). The PSIAS require a periodic Internal Assessment and a five-yearly independent External Assessment; this last was undertaken in the 2016/17 financial year and confirmed that the team were considered to be working in conformance with the PSIAS overall. An action plan was put in place to address the areas for development and all relevant actions were completed by end of the 2017/18 year.</p> <p>A comprehensive annual internal assessment was undertaken in October 2019; the self-assessment established a number of areas regarding processes and practice where there was only partial compliance. An action plan was taken to the January Audit Committee and progress is being reported to the Committee in July. The majority of the actions have now been completed and Internal Audit is now in a position of 'Generally Conforming' with the PSIAS.</p> <p>Two area of development remain in relation to changes made to the Standards in April 2017 and was therefore assessed as Partially Conforms:</p> <p>Attribute Standard 1230 - Proficiency and CPD</p> <p>This Standard requires the review of skills and training needs to ensure Auditors keep learning and development up to date and pursue formal/informal learning opportunities. Although we externally contract some of our audit resource and evaluate their relevant knowledge and skill. Further work is required to formally review the skills and experience of the audit team and continue to develop TMBC employees.</p>

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	<p>Performance Standard 2110 – Governance</p> <p>This standard states that '<i>The internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes</i>'. Although the annual audit plans cover specific areas of governance, the standards include consideration of a review of ethics and values in the organisation, which has to date not been conducted for Tonbridge and Malling BC. We have introduced the reviewing of Fraud Risk Assessments as part of individual audit planning for 20/21. Inclusion of a specific review of ethics and values will be considered in annual planning for future years.</p>
The internal audit planning process, demonstrating that audit planning is risk-based and reflects the business objectives of the Council.	<p>The annual audit planning exercise for the 2019/20 financial year used a risk-based methodology to ensure the most effective use of Internal Audit resource. Review of the 2019/20 Plan established that there was a good level of alignment to the key risks. The same approach has been taken to the annual planning for 2020/21</p>
Customer Satisfaction survey results.	<p>Customer satisfaction surveys are sent to client managers on publication of a final internal audit report. The results of surveys returned in 2019-20 to date gave an overall satisfaction measure of 94% (based on 5 surveys received at time of reporting). This is an improvement on 2018-19 where satisfaction was 92%. Surveys are being reviewed to identify any key themes and actions to address issues identified will be undertaken during 2020/21.</p>
Key performance indicator outturns.	<p>A set of four performance measures was used to assess the effectiveness of the Internal Audit team in achieving a quality Internal Audit Service for 2019-20. As reported in the Annual Internal Audit and Counter Fraud Report 2019-20, during the year the team met three of the four Internal audit performance measures. For the remaining one:</p> <p>We had not achieved the target of 85% for the time between completion of audit fieldwork and the issuing of the draft report. This stands at 50% for the year and is due, in the majority of cases, to current processes for reviewing audit files and reports before issue. This meant that a number of audit reports that fell outside</p>

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	of this KPI by a few working days. Reviews of this process will take place for 2020/21
The extent to which reliance can be placed on the work of internal audit by the external auditor.	In their January 2020 Progress report it states that Grant Thornton will review the Internal audit Report of core financial systems. However, nationally, External Audit no longer place reliance on the work of Internal Audit