

**Summary of Measures to demonstrate the effectiveness of Internal Audit – 2023-24 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</p> <p>An External Quality Assessment was commissioned in February 2021 and was undertaken by 'Business Risk Solutions'. The outcome of the assessment was: 'Tonbridge and Malling Borough Council Internal Audit service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards'</p> <p>All recommendations for improvement and enhancements were implemented and reported to Audit Committee. Another External Quality Assessment is due in 2026.</p> <p>Within the last internal Self-Assessment, there were 9 areas of enhancement raised. These have all been actioned. Since this assessment, the Institute of Internal Auditors have issued a set of new Global Internal Audit Standards, and CIPFA are due to release a subsequent update to the Public Sector Internal Audit Standards by the end of 2024.</p> <p>A gap analysis has now been completed and a comprehensive Action Plan is being finalised which will ensure the Internal Audit function complies with the new Standards.</p>

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<p>The internal audit planning process, demonstrating that audit planning is risk-based and reflects the business objectives of the Council.</p>	<p>The annual audit planning exercise for the 2023/24 financial year used a risk-based methodology to ensure the most effective use of Internal Audit resource.</p> <p>A review of the Council’s risk registers identified key risks to the Council. Discussions with Senior managers and use of other intelligence also identified other operational and emerging risks.</p> <p>Potential audit engagements were risk assessed to help prioritisation and these were discussed with Management Team.</p> <p>To ensure flexibility and focus on risk, Internal Audit run a rolling plan that covers the initial 6 months of the year. Further risk assessment was conducted in August/September to ascertain reviews for inclusion in the second 6 months of 2023/24.</p>
<p>Customer Satisfaction survey results.</p>	<p>Customer satisfaction surveys are sent to client managers on publication of a final internal audit report. The results of surveys returned in 2023/24 to date gave an overall satisfaction measure of 100% (based on 7 surveys received at time of reporting). Surveys received had additional comments from the business lead, including:</p> <p><i>“I feel it has been hugely beneficial to have input from the audit team not only at this juncture but also last year when we were starting to pull together performance management infrastructure (toolkit etc) at the beginning of last year. This input has helped to shape the process we now have in place and has given a useful pointer for future improvement.”</i></p> <p><i>Auditor “was fantastic to work with, her communication was excellent, she was concise and informed me of everything we needed at each step of the way.</i></p>

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	<p><i>The draft report required minimal wording changes; I was advised of everything she required well in advance to give maximum preparation time.”</i></p> <p><i>“Throughout the audit there was excellent communication between myself and the auditor which lead to the audit being undertaken efficiently”</i></p> <p>Where comments are received, they are reviewed to identify any key themes and actions to address.</p>
Key performance indicator outturns.	<p>A set of 6 performance measures were used to assess the effectiveness of the Internal Audit team in achieving a quality Internal Audit Service for 2023-24. As reported in the Annual Internal Audit and Counter Fraud Report 2023-24, during the year the team met four of the 6 Internal audit performance measures.</p> <p><b><i>Client satisfaction surveys (Audit) - % positive response:</i></b> (Target 90%, Performance 100%)</p> <p><b><i>Audit Plan completion - % completion:</i></b> (Target 90%, Performance 93%)  <i>16 Audit have either been completed or issued as draft reports. That leaves 2 audits still to be completed. Contract Management Leisure Trust and Planning Enforcement were both agreed to have later start dates with the services due to other audits taking place and recruitment to fill posts within the service.</i></p> <p><b><i>Days training received – no of days per staff member:</i></b> (Target 5 days, Performance 6.2 days) <i>This is based on staff involved in the completion of the TMBC audit and fraud plan, but excludes all auditors enrolled in the Internal Professional Apprenticeship at Birmingham City University. Due to their study commitments, they have in excess of 40 days during the year and therefore would skew the results of this KPI.</i></p> <p><b><i>Maintenance of Continual Professional Development for qualified staff:</i></b></p>

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	<p><i>(Target 100%, Performance 100%) Based on staff working on the TMBC plan who hold professional accounting/audit qualifications that carry CPD requirements. This includes 2 staff who are Chartered Internal Auditors (CMIIA) and 2 staff who are Qualified Auditors (ACCA).</i></p> <p>For the remaining two KPIs:</p> <p><b><i>Implementation of Improvement actions from quality assessments that are due</i></b> <i>(Target 90%, Performance N/A):</i></p> <p><i>This KPI is measured to ensure that any areas of non-conformance with the Public Internal Audit Standards are addressed. The outcome has been reported as 'n/a' this year as a review of the Public Sector Internal Audit Standards did not highlight any notable areas for improvement. This KPI will be important in future as it will measure the implementation of actions needed to comply with the new Global Internal Audit Standards. This will be reported during 2024/25.</i></p> <p><b><i>Time from end of Fieldwork to Draft Report – % within 10 working days</i></b> <i>(Target 85%, Performance 71%):</i></p> <p><i>Performance has improved since last year, up 5%. Four audits missed the 10-day target, 2 were minor, with 2 reaching 25 working days. On both occasions this was due to timings in relation to annual leave. This KPI is measured to ensure that findings/issues are promptly reported. To ensure this, we have implemented a more agile auditing approach in the last 18 months. Part of this is an increase in ongoing communication during the audit and the raising of findings/issues as and when observed. This means the service is aware of finding during the audit process rather than being presented with them in the Draft Report on completion. Management actions may already be agreed and in some cases already implemented by the time of the draft report is issued. Therefore, the indicator is not a true reflection of timeliness of reporting.</i></p>
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The extent to which reliance can be placed on the work of internal audit by the external auditor.	Communication with Internal Audit occurred in planning for the 2023/24 audit, and we provide External Audit with summaries of key internal audit reports, however, nationally External Audit no longer place reliance on the work of Internal Audit.