



Tonbridge and Malling Borough Council

Internal Audit Annual Report 2023-24
July 2024

1. Purpose and Background

1.1 This Annual Report provides a summary of the work completed by the Internal Audit service during 2023-24.

1.2 Public Sector Internal Audit Standards (PSIAS) require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:

- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
- A summary of the audit work from which the opinion is derived;
- Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- A comparison of the work undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and criteria;
- A statement on conformance with the PSIAS and the result of the Internal Audit Quality Assurance and Improvement Programme;
- Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
- Disclosure of any impairments to Internal Audit's independence (in fact or appearance) or restrictions in scope.

1.3 The purpose of this report is to satisfy these requirements and members are requested to note its content and the Annual Internal Audit Opinion provided.

1.4 Additionally, the report highlights key messages and outcomes, issues, patterns, strengths and areas for development in respect of internal control, risk management and governance arising from work undertaken by Internal Audit.

1.5 The Annual Opinion is derived from evaluation of the outcomes of Internal Audit work with specific emphasis upon the following key factors:

- Assurance Opinions from audit assignments;
- Wider knowledge of key risks and operations by the Chief Audit Executive. Including advisory and consultancy work completed
- The level of implementation by management of agreed actions to improve internal control and the management of risk. Including consideration of the timeliness of implementation.
- Referrals and outcomes of Counter Fraud activity.
- Knowledge of other work completed by other inspectorates or assurance providers.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

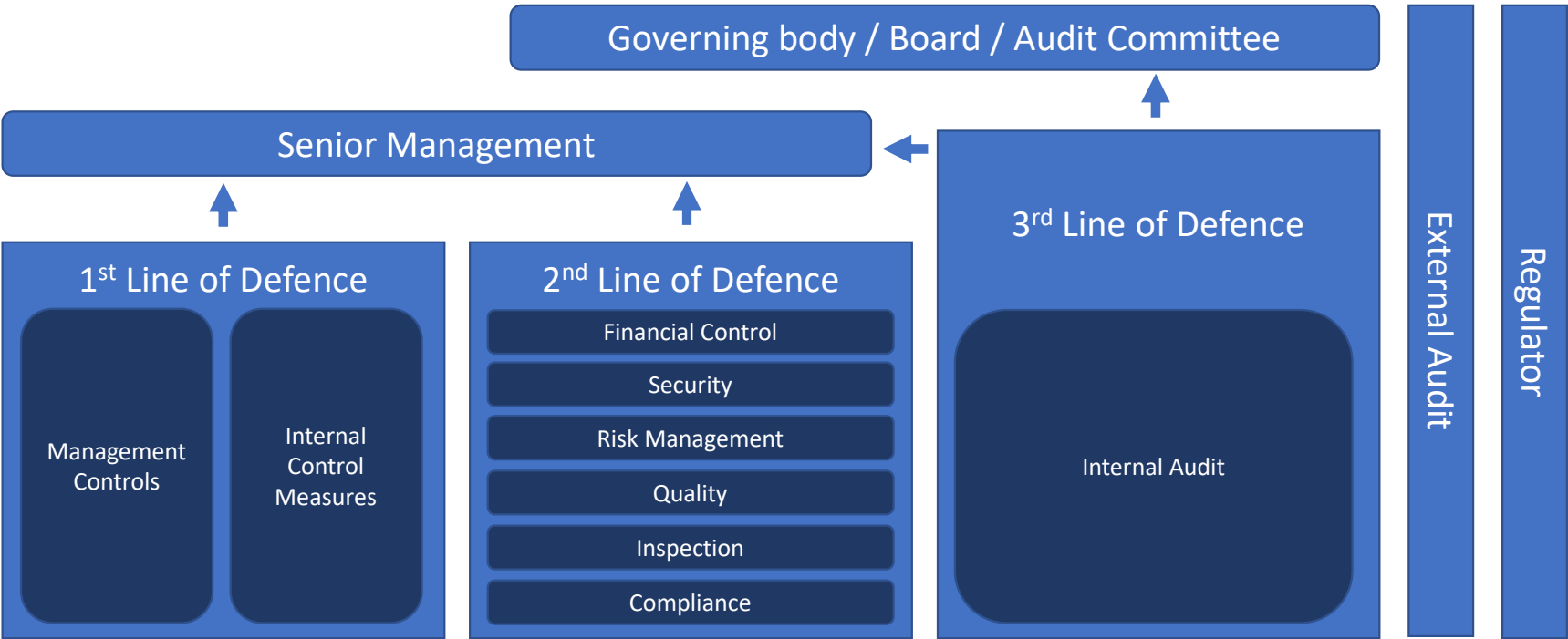
Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

1.8 The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines of Defence Model:

Figure 2: Three Lines of Defence Model:



Section Navigation	
1. Purpose & Background	
2. Annual Opinion	
3. Summary of Internal Audit Work	
4. Implementation of Management Actions	
5. Conformance with Public Sector Internal Audit Standards	
6. Quality Assurance and Improvement Programme	
7. Internal Audit Resources	
8. Disclosure on Impairment and Statement of Independence	
9. Counter Fraud Annual Report	
Appendix 1 – 2023/24 Internal Audit Summaries	
Appendix 2 – National Fraud Initiative	
Appendix 3 – Counter Fraud Referrals	
Appendix 4 – Definitions	

2. Annual Opinion

Overall Assurance and Opinion

- 2.1 Internal Audit concludes that **Substantial** Assurance can be assigned in relation to the Council's corporate governance, risk management and internal control arrangements.
- 2.2 The opinion on the framework for governance, risk management and control is principally based upon the evaluation of the findings, conclusions and assurances from the work of the Internal Audit function during 2023/24, full details of which are provided in this report. While all audit results are considered, including the outcomes of any consultancy work, any other reliable sources of assurance are identified and, where appropriate, considered when arriving at an overall opinion.
- 2.3 There has been no systems, processes or functions assigned a "Limited" or "No" assurance in 2023-24. The audit reviews awarded Substantial (62%) or Adequate (38%) assurance remain consistent with 2022-23. There have also been non-assurance work completed during the year reported to the Audit Committee. The results of these advisory reviews have also been considered in the opinion assessment.
- 2.4 Whilst it has been identified that the authority has largely established substantial and effective internal controls within the areas subject to Internal Audit review in 2023/24, there are areas where compliance with existing controls should be enhanced or strengthened, or where additional controls should be introduced. Where such findings have been made by Internal Audit, recommendations have been made to management to improve the controls within the systems and processes they operate. There have been fewer recommendations raised for 2023/24.
- 2.5 The opinion is also based on the evaluation of the implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports. In 2023-24, Implementation rates decreased to 53% (Including those awaiting evidence to close) from 70% in 2022-23. Although there was a drop in implementation, there were fewer recommendations raised and delays were partly attributable to the implementation of the Agile system and the re-procurement of major contracts
- 2.6 No incidences of material external or internal fraud have been detected.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal
Audit Work

4. Implementation of
Management Actions

5. Conformance with Public
Sector Internal Audit
Standards

6. Quality Assurance and
Improvement Programme

7. Internal Audit
Resources

8. Disclosure on Impairment
and Statement of
Independence

9. Counter Fraud Annual
Report

Appendix 1 – 2023/24
Internal Audit Summaries

Appendix 2 – National
Fraud Initiative

Appendix 3 – Counter
Fraud Referrals

Appendix 4 – Definitions

2.7 Internal Audit aims to add value and continues to work collaboratively with stakeholders, senior management and the Audit Committee to improve governance and internal control arrangements via identifying improvements such as:

- Being a critical friend and trusted advisor for Council projects. Eg Agile.
- Auditing what matters and revising areas of coverage to reflect new risks;
- Help the Council look back and learn from experiences with clear and targeted reports;
- Highlighting emerging risks that require monitoring and managing;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls,
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Promoting and delivering on the ethos of talent management and development of members of the service;

2.8 There have been no significant limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed.

Section Navigation
1. Purpose & Background
2. Annual Opinion
3. Summary of Internal Audit Work
4. Implementation of Management Actions
5. Conformance with Public Sector Internal Audit Standards
6. Quality Assurance and Improvement Programme
7. Internal Audit Resources
8. Disclosure on Impairment and Statement of Independence
9. Counter Fraud Annual Report
Appendix 1 – 2023/24 Internal Audit Summaries
Appendix 2 – National Fraud Initiative
Appendix 3 – Counter Fraud Referrals
Appendix 4 – Definitions

3. 2023/24 Internal Audit Plan Status

3.1 A summary of the 2023-24 Audit Plan is included below. Internal Audit Summaries issued since April 2024 are include at Appendix 1.

	Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
1	TM01-2024	Estates Management	Complete	Substantial	Good	January 2024
2	TM02-2024	Savings plan / Transformation Strategy	Complete	Adequate	Good	July 2024
3	TM03-2024	IT Development	Complete	Adequate	Good	January 2024
4	TM04-2024	Local Plan	Complete	Advisory	N/A	January 2024
5	TM05-2024	S106 Agreements	Complete	Substantial	Very Good	January 2024
6	TM06-2024	BCP	Complete	Adequate	Good	April 2024
7	TM07-2024	Parking - Follow Up	Complete	Adequate	Good	April 2024
8	TM08-2024	Agile Board	Complete	Advisory	N/A	July 2024
9	TM09-2024	Castle Project	Complete	Advisory	N/A	July 2024
10	TM10-2024	Accounts Receivable	Complete	Substantial	Good	January 2024
11	TM11-2024	GDPR - Incident Reporting	Complete	Substantial	Very Good	April 2024
12	TM12-2024	Agile Post Implementation review - Lessons Learnt	Draft Report	Advisory	N/A	TBC
13	TM13-2024	Communications Strategy	Complete	Substantial	Adequate	April 2024
14	TM14-2024	IT Helpdesk	Draft Report	Substantial	Very Good	July 2024
15	TM15-2024	Planning Enforcement	Fieldwork	TBC	TBC	
16	TM16-2024	Waste Partnership	Complete	Adequate	Very Good	July 2024
17	TM17-2024	Contract Management - Leisure Trust	Draft Report	Substantial	Good	TBC
18	TM18-2024	Corporate Performance Management Framework	Complete	Substantial	Good	April 2024

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

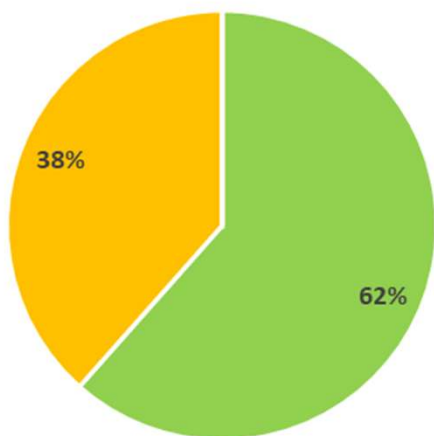
Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Assurance Levels 2023/24



Assurance Level	No	%
High	0	0%
Substantial	8	62%
Adequate	5	38%
Limited	0	0%
No	0	0%

Prospects for Improvement	No	%
Very Good	3	23%
Good	9	69%
Adequate	1	8%
Uncertain	0	0%

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

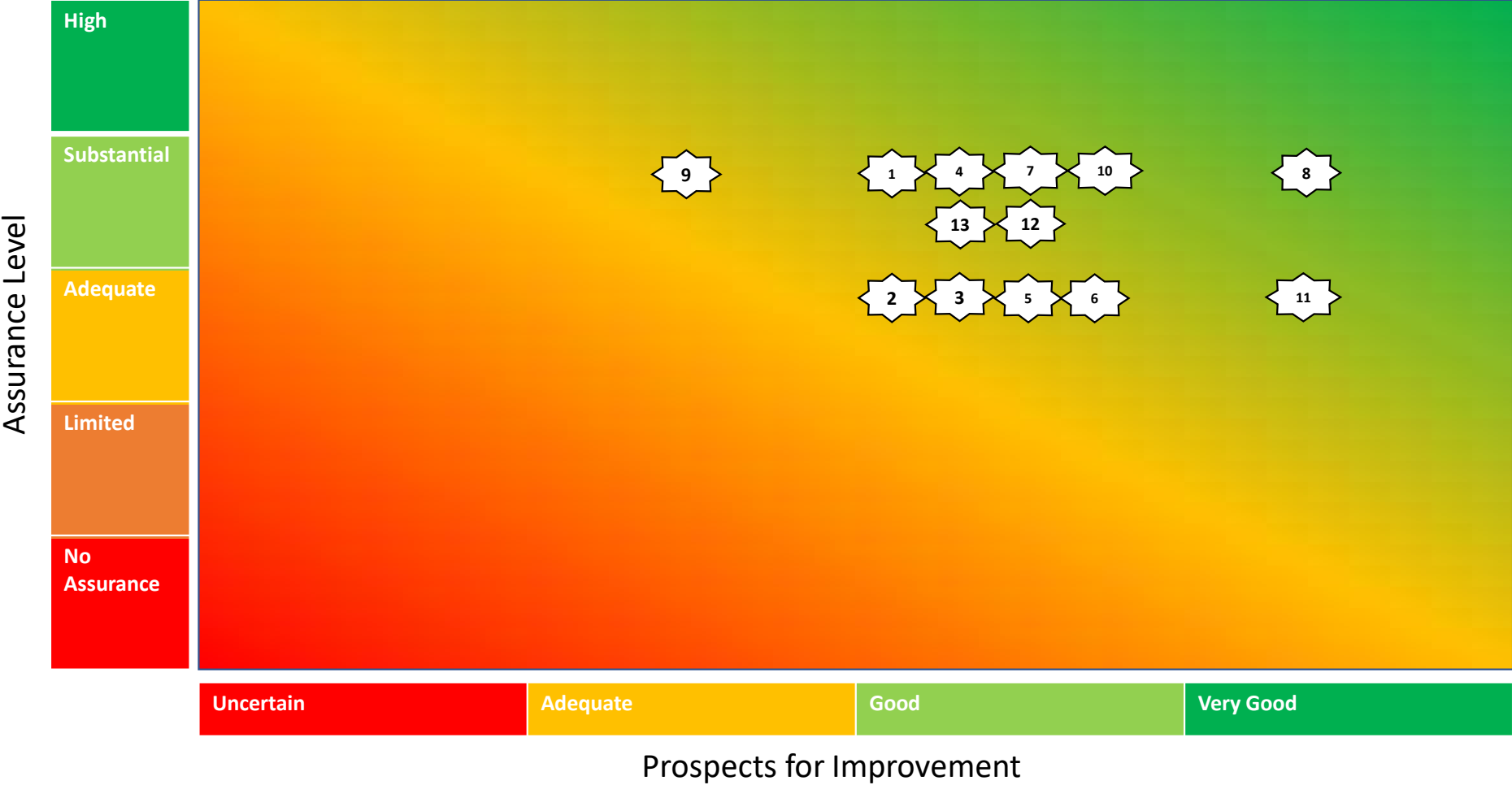
Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

2022/23 Audit Assurance Levels and Prospects for Improvement of Audits



Section Navigation

- 1. Purpose & Background
- 2. Annual Opinion
- 3. Summary of Internal Audit Work
- 4. Implementation of Management Actions
- 5. Conformance with Public Sector Internal Audit Standards
- 6. Quality Assurance and Improvement Programme
- 7. Internal Audit Resources
- 8. Disclosure on Impairment and Statement of Independence
- 9. Counter Fraud Annual Report
- Appendix 1 – 2023/24 Internal Audit Summaries
- Appendix 2 – National Fraud Initiative
- Appendix 3 – Counter Fraud Referrals
- Appendix 4 – Definitions

4. Implementation of Agreed Actions

4.1 Details of the year end position on the implementation of actions from Internal Audit reports is set out in the below section.

4.2 Where an audit review identifies opportunities to introduce additional controls or improve compliance with existing controls, recommendations are made and agreed with client management prior to finalising the report. In line with the PSIAS, Internal Audit has arrangements in place to follow up on all recommendations agreed with management and to report to the Audit Committee on the responses received.

4.3 The status of implementation for the 42 recommendations due during 2023/24 is summarised below. The majority of recommendations not implemented are awaiting system implementation (Agile) or the re-procurement of contracts.

Table 6: Summary of Action Implementation

	Total Number due for Implementation		Implemented		Awaiting Evidence to Close		In Progress		Not Implemented	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	9	33	6	12	1	3	1	14	1	4
Total %			43%		10%		35%		12%	

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

5. Conformance with Public Sector Internal Audit Standards (PSIAS)

- 5.1 The Public Sector Internal Audit Standards (Standards) are mandatory for all public sector internal audit functions. The Standards require Internal Audit functions to maintain a Quality Assurance and Improvement Programme (QAIP), which should include both internal and external assessments of compliance against the Standards.
- 5.2 The last external quality assessment (EQA) was completed in February 2021. The EQA concluded that the service 'Generally Conforms' with the Public Sector Internal Audit Standards, which is the highest possible assessment available and was in line with our own internal self-assessment. The outcomes from this EQA were reported to Committee in July 2022 and all actions from the EQA were fully implemented.
- 5.3 The internal self-assessment for 2023/24 has been completed and has confirmed the Internal Audit function continues to be generally conformant with the Standards. It also confirmed that all internal audit work completed during 2023/24 has been conducted in accordance with the Standards, our agreed Internal Audit Manual and Quality and Assurance Improvement Programme as required in Attribute Standard:1300 – Quality Assurance and Improvement Programme.
- 5.4 The Institute of Internal Auditors' (IIA) Global Internal Audit Standards has recently been updated. Compliance with the new Standards is required by 9th January 2025. A self-assessment against the new Standards has been completed during 2024/25. The outcomes from this self-assessment and further details of the new Standards will be reported to Management Team and Audit Committee later in the year

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Table 9: Conformance with PSIAS

		Generally Conforms	Partially Conforms	Does Not Conform
Definition of Internal Auditing				
Reference	Code of Ethics			
1	Integrity	✓		
2	Objectivity	✓		
3	Confidentiality	✓		
4	Competence	✓		
Reference	Attribute Standards			
1000	Purpose, Authority and Responsibility	✓		
1010	Recognising Mandatory Guidance in Charter	✓		
1100	Independence and Objectivity	✓		
1110	Organisational Independence	✓		
1111	Direct Interaction with the Board	✓		
1112	Chief Audit Executive Roles Beyond Internal	✓		
1120	Individual Objectivity	✓		
1130	Impairments to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Programme	✓		
1310	Requirements of the Quality Assurance and	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the QAIP	✓		
1321	Use of Conforms with the International Standards	✓		

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Attribute Standards			
1322	Disclosure of Non-conformance	✓		
Reference	Performance Standards			
2000	Managing the Internal Audit Activity	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination and Reliance	✓		
2060	Reporting to Senior Management and the Board	✓		
2070	External Service Provider and Organisational Responsibility	✓		
2100	Nature of Work	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Planning	✓		
2300	Planning Considerations	✓		
2310	Engagement Objectives	✓		
2320	Engagement Scope	✓		
2330	Engagement Resource Allocation	✓		
2340	Engagement Work Programme	✓		
2400	Performing the Engagement	✓		
2410	Identifying Information	✓		

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Performance Standards			
2420	Analysis and Evaluation	✓		
2421	Errors and Omissions	✓		
2430	Use of 'conducted in conformance with...	✓		
2431	Engagement Disclosure of Non-conformance	✓		
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Resolution of Senior Managements Acceptance of Risks	✓		

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal
Audit Work

4. Implementation of
Management Actions

5. Conformance with Public
Sector Internal Audit
Standards

6. Quality Assurance and
Improvement Programme

7. Internal Audit
Resources

8. Disclosure on Impairment
and Statement of
Independence

9. Counter Fraud Annual
Report

Appendix 1 – 2023/24
Internal Audit Summaries

Appendix 2 – National
Fraud Initiative

Appendix 3 – Counter
Fraud Referrals

Appendix 4 – Definitions

6 Quality Assurance & Improvement Programme (QAIP)

6.1 The Public Sector Internal Audit Standards (PSIAS) describe the QAIP as:

“A QAIP is designed to enable an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.”

6.2 As acknowledged by the External Assessor in 2021, Internal Audit have a robust process for undertaking the QAIP, which includes the completion of the following reviews to confirm compliance with PSIAS:

- **Self- Assessment** - completed for each audit engagement, proactive fraud review and complex investigation.
- **Hot Reviews** - complete for each audit investigation and fraud investigation.
- **Cold Reviews**- carried out annually across all clients using a judgemental sample and least one per individual.
- **Internal Assessment** - competed annually against PSIAS.
- **External Assessment** - completed every 5 years for Audit and Counter Fraud.
- **Customer Feedback** - competed for each audit engagement and proactive counter fraud review.

During 2023-24, the following Improvement areas were addressed:

Improvement Issue
Identify and implement further improvements in the use of Data Analytics.
Define agile principles and methodology and extend the use of the agile auditing approach.
Continue reviewing report formats with the aim of reducing report length and increasing the use of visualisations.
Identify the audit opportunities to be implemented from the use of AI.
Ensure the greater effectiveness of non-assurance reporting such as Management Letters including the tracking of suggested improvements.
Prepare for the new Global Internal Audit Standards, including advising the Audit Committee of its new requirements.
Continue to develop wellbeing support and approaches for the team.

Improvements required for the service in 2024-25 include:

Improvement Issue
Assessment of compliance against new Global Internal Audit Standards and address any areas of non-conformance.
Implemented a more effective approach to following up Cold Reviews.
Integration of new Audit Management software and updating the Audit Manual to align.
Utilisation of artificial intelligence in audit planning
Continue to develop wellbeing, support and approaches for the team.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

6.3 The programme also assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement and learning for the team. The performance of the Internal Audit Team is measured and monitored throughout the year and the year-end position is shown below:

Audit Plan	Timeliness of Draft Report
<div>Audit Plan Completion</div> <div>93% (Target 90%)</div> <div>16 Audits 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.</div>	<div>Time from end of fieldwork to Draft Report – % within 10 working days</div> <div>71% (Target 85%)</div> <div>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 findings 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. The indicator, is therefore, not a true reflection of the timeliness of reporting.</div>
External Quality Assessment	Internal Self-Assessment
<div>Assessed from the External Quality Assessment as ‘Generally Compliant’</div>	<div>% of Improvement actions completed from quality assessments</div> <div>No actions to Implement</div> <div>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.</div>

Section Navigation
1. Purpose & Background
2. Annual Opinion
3. Summary of Internal Audit Work
4. Implementation of Management Actions
5. Conformance with Public Sector Internal Audit Standards
6. Quality Assurance and Improvement Programme
7. Internal Audit Resources
8. Disclosure on Impairment and Statement of Independence
9. Counter Fraud Annual Report
Appendix 1 – 2023/24 Internal Audit Summaries
Appendix 2 – National Fraud Initiative
Appendix 3 – Counter Fraud Referrals
Appendix 4 – Definitions

Training

Average days training received per staff member
6.2 days (Target 5 days)

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.

F. Client Satisfaction

Client Satisfaction surveys at the end of each audit
100% (Target 90%)

Further details on client satisfaction can be found at [paragraphs 7.2 and 7.3](#)

Organisation Performance

% Recommendations implemented by original date

45% (Target 80%)

% of open Recommendations overdue

39% (Target 10%)

Time from issue of Draft Report to completion of Management Action Plan (% within 10 working days)

30% (Target 85%)

Professional Qualifications

Maintenance of Continual Professional Development for relevant staff
100% (Target 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).

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Client Satisfaction

- 7.2 At the end of each audit review, a client satisfaction questionnaire is sent to the auditee. The cumulative result for these surveys was 100% satisfaction, which shows an improved position from 2022-23 performance.
- 7.3 The survey also requested any additional comments and comments received are replicated below:

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 found the auditor very transparent, efficient and the process of collecting evidence very straightforward due to the concise explanation of what was needed and why. I felt I was kept informed throughout the audit and when anything was asked for an excellent explanation on why this was required was given

“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.”

“The draft report required minimal wording changes; I was advised of everything she required well in advance to give maximum preparation time.”

“Throughout the audit there was excellent communication between myself and the auditor which lead to the audit being undertaken efficiently”

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

7. Internal Audit and Counter Fraud Resources

- 7.1 In accordance with professional standards, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.
- 7.2 The Internal Audit and Counter Fraud service is delivered by Kent County Council via an Inter Authority Agreement. An Audit Manager and a Counter Fraud Manager lead the delivery of the TMBC Internal Audit and Counter Fraud Plan. During 2023-24, over 14 audit and fraud staff have supported its delivery.
- 7.3 Although there has been some staff turnover during the course of the year, albeit more limited than in 2022-23, the service has conducted successful recruitment exercises in a challenging market and excellent new colleagues have joined the team.
- 7.4 A Business Case to increase the capacity and resilience of the service was approved by the Kent County Council Corporate Management Team in June 2023. This then led to resources being provided within 2023-34 to amend the team structure to promote staff retention and career progression and decrease reliance upon agency and bought in services.
- 7.5 It is also concluded that there have been no limitations to resources which adversely impacted upon the ability to provide an Annual Opinion.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

8. Disclosure on Impairment and Statement of Independence

- 8.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note).
- 8.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:
- Section 151 of the Local Government Act 1972 requires every local authority makes arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
 - The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must 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"
- 8.3 Since October 2021, the Internal Audit and Counter Fraud service has been delivered through an Inter Authority Agreement with Kent County Council. Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Leader of the Council, Chief Executive, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Audit Committee.
- 8.4 There has been no significant restrictions on the scope of Internal Audit work findings during 2023-24. It is confirmed that the independence of the Internal Audit and its ability to form an evidenced audit opinion has not been adversely affected in 2023-24.
- 8.5 Summaries of audit work completed have been provided to the Committee throughout the year and there have been no identified areas that have required escalation.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

9. Annual Counter Fraud Report

9.1 This section of the report provides details of the Council's activity in preventing and detecting fraud and corruption during 2023/24.

National Fraud Initiative

9.2 The Counter Fraud Team has collated the data specified by the Cabinet Office for the 2023-24 exercise. This includes reviewing the data to ensure it complies with the formats required and uploading in the required timescale.

9.3 The NFI biennial and flexible data matching service is progressing with matches being reviewed by relevant teams. A summary of activity is shown in **Appendix 2**. To date, this has identified £25,088 in benefit overpayments in addition to estimated savings going forward of £40,531.

Kent Intelligence Network

9.4 The Kent Intelligence Network continues to support Local Authorities in Kent in preventing and detecting fraud. The key focus area for 2023/24 continues to look at fraud and error within Single Person Discounts, Small Business Rate Relief and unrated business and residential premises.

9.5 In addition, a review of all discounts/exemptions within Business Rates is under way, the review is to reaffirm the award of a discount/exemption or to amend the account if circumstances have changed. This review was put on hold due to the loss of TMBC's Counter Fraud Technician.

9.6 This year the following results have been achieved:

- Single person discount to financial matches £6,856 increased council tax liability
- Single person discount to NFI matches £81,684 increased council tax liability
- Single person discount reviews from fraud referrals £5,108 increased council tax liability
- Small Business Rate Relief reviews from the Hub £11,251 increased liability
- Unrated businesses £964,405 increased liability
- Retriever debtor tracing £260,412 for recovery action
- Business rates review £64,290 increased rates liability.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal
Audit Work

4. Implementation of
Management Actions

5. Conformance with Public
Sector Internal Audit
Standards

6. Quality Assurance and
Improvement Programme

7. Internal Audit
Resources

8. Disclosure on Impairment
and Statement of
Independence

9. Counter Fraud Annual
Report

Appendix 1 – 2023/24
Internal Audit Summaries

Appendix 2 – National
Fraud Initiative

Appendix 3 – Counter
Fraud Referrals

Appendix 4 – Definitions

Investigating Fraud, Bribery and Corruption

9.7 A summary of cases referred or carried into the current fiscal year can be found in **Appendix 3**

9.8 A total of 125 referrals were received by the Counter Fraud Team in 2023/24. The most reported fraud type is council tax reduction with housing benefit or universal credit attached, where 46 referrals have been received. The second most reported fraud type is single person discount where a total of 41 referrals have been reported. A total of 18 cases were carried forward from earlier years, of which all are now closed. The outcomes of these cases are:

- Seventeen cases closed, where no further action is required.
- One case closed; housing application withdrawn.

Appendix 1 – Internal Audit Summaries

TM02-2024 Savings

Audit Opinion

Adequate

Prospects for Improvement

Good

Management has strong knowledge of the financial position and available savings that can be made to contribute towards the savings target with a short timeframe such as changes in fees and charges. However, the smaller savings that have been implemented still leave a large funding gap and further large savings must be made, although are not all yet defined.

There have currently been savings with the value of £195,000 identified and incorporated into the MTFS contributing to the Tranche 1 savings target. Alongside this, further saving recommendations have been proposed to Cabinet and will be discussed within 2024.

Within Cabinet meetings members have been reminded of the financial position of the Council and the importance of the savings targets for Tonbridge and Malling Borough Council's future financial stability.

Key Strengths

- The MTFS includes robust calculation and is regularly updated to ensure it is as accurate as possible and future assumptions are based on knowledge and historical data where available.
- Management have identified several key savings that have contributed towards the achievement of the Tranche 1 savings target.
- Identified savings are being discussed and documented at Cabinet meetings showing progression towards the savings target.

- Management have highlighted the financial position of the Council and the urgent requirement for savings to be made to achieve financial sustainability.

Areas for Development

- The Tranche 1 savings target will not be met by April 2024 due to the identified savings not being implemented prior to 2024/2025. Currently £195,000 of achieved savings are incorporated into the MTFS leaving a gap of £305,000 which is to be achieved by April 2025. **MEDIUM**
- There needs to be a continued and sustained contribution from Members to identify savings that will achieve the savings target. The current identified savings have made progress towards reducing the funding gap. **HIGH**
- Further savings have been identified by management to achieve Tranche 1 such as car parking fees, these are unlikely to come into effect (if agreed) until summer 2024. It is key to the achievement of the savings target that identified savings are discussed and considered by Cabinet in a timely manner to ensure there is minimal slippage of target dates. **HIGH**

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1	1	0
Medium Risk	1	1	0
Low Risk	NA	NA	NA

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

TM16-2024 Waste Partnership Contract Management

Audit Opinion

Adequate

Prospects for Improvement

Very Good

Key Strengths

- The Contract between TMBC and the Contractor is signed and dated by all parties.
- The Contract and supporting documents promote good communication between TMBC, the Partner Authority, and the Contractor.
- There is a good working relationship between TMBC and the Contractor. There are several points of communication including day-to-day, operational, and strategic levels. There has been a responsive and flexible approach to these meetings, with frequencies increased in 2020/2021 when there were extensive issues with Contractor performance.
- For waste collections, TMBC receive twice daily emails from the Contractor updating on progress and any issues. TMBC can also review the Contractors live-time software (Whitespace) to monitor completion. This allows TMBC to have assurance that waste collection is completed per the agreed schedule. However, these oversight and assurance systems are not currently in place for street cleansing (see issues).
- Between the Contract Manager and the Partnership Manager, there is a wealth of experience in both contract management and waste services.
- In 2023, the Contract Manager and the Partnership Manager both completed 'Managing Contracts and Contractors' training.
- Planning for retendering or recommissioning has commenced which includes review of findings from a previously undertaken formal lessons learned exercise.
- Procedures for reconciling Part A and Part B invoice charges for waste collection works are appropriate to ensure that only works undertaken are paid for.
- Invoices have been appropriately approved for payment by persons with the correct level of signing authority and payments are made to the Contractor promptly following receipt of invoice.

Areas for Development

- The Joint Working Arrangements document between TMBC and the Partner Authority is still in a draft and unfinished form. **LOW**
- Variations to the contract specification are not consistently made in line with the Contract. **MEDIUM**
- There are opportunities for the communications and meetings between TMBC, the Partner Authority, and the Contractor to be optimised. **MEDIUM**
- There has been a change in the KPIs that will be tracked to measure contract performance and a change in the reporting and oversight of these KPIs, with some aspects of the proposed revised processes still unclear. **MEDIUM**
- TMBC do not have adequate assurance for works completed with regard to street cleansing. **HIGH**
- In comparison to the Partner Authority, TMBC are issuing substantially less 'intent to default' notices and 'default' notices. **LOW**

Prospects for Improvement

Our overall opinion of **Very Good** for Prospects for Improvement is based on the following factors:

- Management responses address the significant risks raised with clear action plans.
- The timescales for the management actions are within the next six months.
- Management of the Contract has evolved during the course of the Contract relative to periods of good or poor contractor performance.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1	1	0
Medium Risk	3	3	0
Low Risk	2	1	1

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

TM14-2024 IT Helpdesk

Audit Opinion

Substantial

Prospects for Improvement

Very Good

There is a new IT Technical Architect and Support Manager in post since April 2024. This role holds responsibility for supervision of a front-line Helpdesk support service, and also provides line management to the Helpdesk Support Officers, The Helpdesk Administrator, and the Senior Technical Support Officers (collectively referred to as the Technical Support Team). The Technical Support Team are together responsible for resolving circa. 85% of the tickets raised on the Helpdesk.

Audit fieldwork demonstrated that the SolarWinds software provides a functional system for the receiving, tracking and resolution of tickets. However, there are elements of the Helpdesk function which may benefit from increased oversight; this includes the allocation of tickets, service level achievement, and closure of tickets. The Helpdesk may also benefit from identifying key performance indicators and completing associated performance monitoring

Key Strengths

- Sample testing found that tickets are generally categorised reasonably against the 'IT Helpdesk – Priorities and Service Levels' document.
- The SolarWinds system itself offers some functionality for the manipulation, visual depiction, and extraction of the data held. Furthermore, the IT Technical Architect and Support Manager has begun using PowerBI for more advanced and user-friendly data visualisation and dashboards. However, indicators of performance have not been established and are not tracked.
- User feedback is automatically requested for every ticket as it is closed. Feedback is collated by the IT Technical Architect and Support Manager, and satisfaction scores are generally high with the Technical Support Team achieving 99.39% satisfaction over the last 12 months. The percentage of surveys returned is circa. 20%.

- The Helpdesk is within Microsoft Azure and backed to an immutable cloud. A full backup is completed weekly with daily incremental backups.

Areas for Development

- The 'IT Helpdesk – Priorities and Service Levels' is not subject to regular review, and some service level expectations are not precise. **LOW**
- There is further opportunity for promotion of the self-service system for logging tickets, which would increase efficiency of the Helpdesk system. **MEDIUM**
- Testing identified instances where SolarWinds had not had sufficient oversight, and that SLAs were not always met or monitored for achievement. **LOW**
- There are no clear plans for management of the Helpdesk in the event of unexpected downtime. **LOW**

Prospects for Improvement

Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:

- The newly appointed IT Technical Architect and Support Manager has demonstrated a clear commitment to improvement of the service throughout the audit process.
- All issues raised have been addressed by a clear management action plan.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	NA	NA	NA
Medium Risk	1	1	0
Low Risk	3	3	0

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Appendix 2 – National Fraud Initiative

Report	Date matched	Title	All	Opened	Closed no issue	Already known	Referred to DWP	Closed fraud	Closed error	Outstanding	Estimated savings	Overpayment reclaimed
2	03-Feb-23	Housing Benefit Claimants to Student Loans	4							0	£0	£0
2	29-Jan-24	Housing Benefit Claimants to Student Loans	2		2					0	£0	£0
29.1	03-Feb-23	Housing Benefit Claimants to Housing Benefit Claimants - Phone Number	1							0	£0	£0
49.1	02-Mar-23	Housing Benefit Claimants to DWP Deceased	10							0	£0	£0
66	28-Jul-23	Payroll to Payroll	1							0	£0	£0
80	03-Feb-23	Payroll to Creditors	33		33					0	£0	£0
81	03-Feb-23	Payroll to Creditors	20		20					0	£0	£0
91	03-Feb-23	Housing Benefit Claimants to Waiting List	11							0	£0	£0
93	03-Feb-23	Housing Benefit Claimants to Waiting List	1							0	£0	£0
172.3	26-Jan-23	Resident Parking Permit to DWP Deceased	21							0	£0	£0
233	03-Feb-23	Waiting List to Housing Tenants	5			1				0	£0	£0
242	03-Feb-23	Waiting List to Housing Benefit Claimants	5			2				0	£0	£0
243	03-Feb-23	Waiting List to Housing Benefit Claimants	15			4				0	£8,566	£0
259	03-Feb-23	Waiting List to Waiting List	10			4				0	£0	£0
261	02-Mar-23	Waiting List to DWP Deceased	13							0	£25,698	£0
435	02-Mar-23	Council Tax Reduction Scheme to Payroll	2							0	£0	£0
436	02-Mar-23	Council Tax Reduction Scheme to Payroll	56		41				7	0	£4,213	£18,575
436.1	02-Mar-23	Council Tax Reduction Scheme to Pensions	77	2	68				7	2	£2,054	£6,513
438.1	22-Dec-23	Council Tax Reduction Scheme to Pensions	1		1					0	£0	£0

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Report	Date matched	Title	All	Opened	Closed no issue	Already known	Referred to DWP	Closed fraud	Closed error	Outstanding	Estimated savings	Overpayment reclaimed
440	02-Mar-23	Council Tax Reduction Scheme to Payroll	9		8	1				0	£0	£0
446	02-Mar-23	Council Tax Reduction Scheme to Council Tax Reduction Scheme	4		3	1				0	£0	£0
450	26-May-23	Council Tax Reduction Scheme to Housing Tenants	1			1				0	£0	£0
459.1	02-Mar-23	Council Tax Reduction Scheme to Taxi Drivers	3		1					0	£0	£0
459.2	02-Mar-23	Council Tax Reduction Scheme to Taxi Drivers	1		1					0	£0	£0
459.6	02-Mar-23	Council Tax Reduction Scheme to Taxi Drivers	1		1					0	£0	£0
477	02-Mar-23	Council Tax Reduction Scheme to Housing Benefit Claimants	7		2					0	£0	£0
482	02-Mar-23	Council Tax Reduction Scheme to DWP deceased	21							0	£0	£0
701	03-Feb-23	Duplicate creditors by creditor name	8		6				2	0	£0	£0
702	03-Feb-23	Duplicate creditors by address detail	42		41				1	0	£0	£0
703	03-Feb-23	Duplicate creditors by bank account number	12		4	2			6	0	£0	£0
708	03-Feb-23	Duplicate records by amount and creditor reference	174		170	4				0	£0	£0
709	03-Feb-23	VAT overpaid	3		3					0	£0	£0
711	03-Feb-23	Duplicate records by invoice number and amount but different creditor reference and name	2			2				0	£0	£0
713	03-Feb-23	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	2		2					0	£0	£0
750	03-Feb-23	Procurement - Payroll to Companies House (Director)	5		5					0	£0	£0
483	02-Nov-23	Council Tax Reduction Scheme to HMRC Property Ownership	71	1	51		19			1	£0	£0
483.1	02-Nov-23	Council Tax Reduction Scheme to HMRC Earnings and Capital for Authority TONB00	16		15				1	0	£0	£0
483.2	02-Nov-23	Council Tax Reduction Scheme to HMRC Household Composition for Authority TONB00	54		7		3			44	£0	£0
9999		Multiple occurrence report	15		14	1				0	£0	£0
Totals			739	3	499	23	22	0	24	47	£40,531	£25,088

Percentage complete

94%

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Appendix 3 – Counter Fraud Referrals

Total number of referrals	Open referrals			Closed referrals		Referrals under investigation		Referrals awaiting sifting	
143	12			131		11		1	
Fraud area	No further action	Benefit amended / withdrawn	Caution	Prosecution	Permit revoked	Prevented	Housing application withdrawn	Recoverable overpayment	Penalties applied
Single person discount	6	2	0	0	0	0	0	£2,270	0
Council tax reduction only	2	2	0	0	0	0	0	£848	0
Council tax reduction with housing benefit	5	0	0	0	0	0	0	£0	0
Housing subletting	1	0	0	0	0	0	0	£0	0
National non-domestic rates	2	0	0	0	0	0	0	£0	0
Other	2	0	0	0	0	0	0	£0	0
TOTALS	18	4	0	0	0	0	0	£3,118	0
Source	No further action	Benefit amended / withdrawn	Caution	Prosecution	Permit revoked	Prevented	Housing application withdrawn	Recoverable overpayment	Penalties applied
Benefits	1	0	0	0	0	0	0	£0	0
CallCredit	0	1	0	0	0	0	0	£848	0
Housing	2	0	0	0	0	0	0	£0	0
Parking	3	1	0	0	0	0	0	£198	0
Revenues	2	0	0	0	0	0	0	£0	0
Opened cases closed within 3 months				12					
Opened cases closed between 3 and 6 months				5					
Opened cases closed over 6 months				7					
All cases closed within 3 months				116					
All cases closed between 3 and 6 months				5					
All cases closed over 6 months				10					
Percentage of referrals reviewed within 10 working days				69%					
Percentage of reviewed cases sifted within 10 working days				80%					

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Appendix 4 - Definitions

Audit Opinion

High

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

Limited

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

Substantial

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

No Assurance

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

Adequate

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

Section Navigation

1. Purpose & Background

2. Annual Opinion

3. Summary of Internal Audit Work

4. Implementation of Management Actions

5. Conformance with Public Sector Internal Audit Standards

6. Quality Assurance and Improvement Programme

7. Internal Audit Resources

8. Disclosure on Impairment and Statement of Independence

9. Counter Fraud Annual Report

Appendix 1 – 2023/24 Internal Audit Summaries

Appendix 2 – National Fraud Initiative

Appendix 3 – Counter Fraud Referrals

Appendix 4 – Definitions

Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

Section Navigation
1. Purpose & Background
2. Annual Opinion
3. Summary of Internal Audit Work
4. Implementation of Management Actions
5. Conformance with Public Sector Internal Audit Standards
6. Quality Assurance and Improvement Programme
7. Internal Audit Resources
8. Disclosure on Impairment and Statement of Independence
9. Counter Fraud Annual Report
Appendix 1 – 2023/24 Internal Audit Summaries
Appendix 2 – National Fraud Initiative
Appendix 3 – Counter Fraud Referrals
Appendix 4 – Definitions