Annex 1

Summary of Measures to demonstrate the effectiveness of Internal Audit – 2024-25 Review

Measure	Finding
Review of the Internal Audit team against proper practice, as defined as the *Public Sector Internal Audit Standards and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards.*	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 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' All recommendations for improvement and enhancements from this assessment were implemented and reported to Audit Committee. Another External Quality Assessment is due in 2026. The Institute of Internal Auditors have released a set of new Global Internal Audit Standards which became effective from January 2025, and CIPFA have released a subsequent implementation guidance document. An internal self-assessment for 2024/25 was completed against these updated standards which confirmed the Internal Audit function to be broadly generally conformant. There were two of the new standards against which Internal Audit assessed themselves as non-conforming and Internal Audit can now confirm that necessary actions have been completed and these areas of non-conformance have been addressed. There are currently seven standards against which there is partial conformance, these areas have action plans in place and are being progressed to address ahead of the EQA in 2025-26.
The internal audit planning process, demonstrating that audit planning is risk-based and reflects the business objectives of the Council.	The annual audit planning exercise for the 2025/26 financial year used a risk-based methodology to ensure the most effective use of Internal Audit resource.

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	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. Potential audit engagements were risk assessed to help prioritisation, and these were discussed with Management Team. 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 is to be conducted in August/September to ascertain reviews for inclusion in the second 6 months of 2025/26.
Customer Satisfaction survey results.	Customer satisfaction surveys are sent to client managers on publication of a final internal audit report. The results of surveys returned in 2024/25 to date gave an overall satisfaction measure of 97% (based on seven surveys received at time of reporting). Surveys received had additional comments from the business lead, including: *"A very good and pragmatic approach taken."* *"Great communication and a full understanding and appreciation of operational needs. A very pragmatic approach was taken to the Audit and recommendations arising."* *"The audit was thorough and covered the areas that were originally agreed."* *"Auditor was excellent at explaining what the audit was about, why it was being done, and during the fieldwork, listened to our views, explained her reasoning and we worked well with her.* *I see Audit as a critical tool to review the service and take any feedback to improve the service, and this was easy with the Auditor leading on this."* *"I found discussions with the auditor were open and useful."*

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	"The audit was very smooth, with proactive and clear communication from the auditor from the first point of engagement through to the end." *"The officer undertaking the IA for treasury management, was well versed in what was required from a TM audit. This led to being able to provide the information and signposting, in a timely manner, to the correct individuals for the officer to interview staff involved in the treasury function to understand their roles/experiences within the overall treasury function and the training element of our function. I would like to extend my thanks and appreciation to Auditor for her courteous and professional behaviour in the way she conducted the audit."* *It was a very positive experience, and it is good to have confirmation that we are minimising risks and will take on board any suggestions made."* Where comments are received, they are reviewed to identify any key themes and actions to address.
Key performance indicator outturns.	A set of six performance measures were used to assess the effectiveness of the Internal Audit team in achieving a quality Internal Audit Service for 2024-25. As reported in the Annual Internal Audit and Counter Fraud Report 2024, during the year the team met five of the six Internal audit performance measures. ***Client satisfaction surveys (Audit) - positive response*** *: (Target 90%, Performance 97%)* ***Audit Plan completion - % completion:*** *(Target 90%, Performance 85.71%)* *12 Audits have either been completed or issued as draft reports. That leaves two audits still to be completed both of which are currently in late stages of fieldwork. Two audits have been deferred (Local Plan and Complaints) three audits are ongoing embedded assurance engagements continuing into 2025/26 (Tonbridge Town Centre Review, Gibson Building Project, and Independent Planning Reviewer)* ***Days training received – no of days per staff member:*** *(Target 5 days, Performance 7 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*

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	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. ***Maintenance of Continual Professional Development for qualified staff:*** *(Target 100%, Performance 100%) Based on staff working on the TMBC plan who hold professional accounting/audit qualifications that carry CPD requirements. This includes two staff who are Chartered Internal Auditors (CMIIA) two staff who are Qualified Auditors (ACCA) and four staff who are Certified Internal Auditors.* For the remaining two KPIs: *I**mplementation of Improvement actions from quality assessments that are due*** *(Target 90%, Performance 100%):* *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 100% this year as a review of the Public Sector Internal Audit Standards highlighted two areas where Internal Audit were not in conformance, both of these areas were prioritised and have been addressed. Other areas of partial conformance with the Standards were identified and these are now in the process of being addressed prior to the EQA.* ***Time from end of Fieldwork to Draft Report – % within ten working days*** *(Target 85%, Performance 87%):* *This is a slight drop from last year. One audit missed the 10-day target, reaching twenty-nine working days. This was due to Auditor sickness leave. This KPI is measured to ensure that findings/issues are promptly reported. To assist with this, we implemented a more agile auditing approach during 2023/24 which has continued to be developed further in the last 12 months. This involves increased 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*

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	already implemented by the time of the draft report is issued. The indicator, is therefore, not a true reflection of the timeliness of reporting.
The extent to which reliance can be placed on the work of internal audit by the external auditor.	Internal Audit provide External Audit with summaries of key internal audit reports, however, nationally External Audit no longer place reliance on the work of Internal Audit.