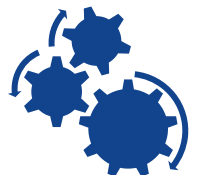




Portsmouth

CITY COUNCIL

Portsmouth City Council Annual Audit Report 2022/23

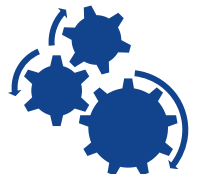


Elizabeth Goodwin, Chief Internal Auditor

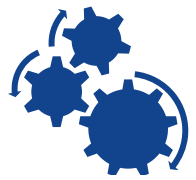


Contents

- 1** Background - Page 3
- 2** Annual Opinion for 2022/23 - Page 5
- 3** Comparative 2021/22 & 2022/23 Audit Assurance Levels - Page 7
- 4** 2022/23 Audit Assurance by Directorate - Page 8
- 5** 2022/23 Assurance Analysis by Risk Classification - Page 10
- 6** Comparative 2021/22 & 2022/23 Exception Risk Rankings - Page 11
- 7** 2022/23 Follow Up Analysis - Page 12
- 8** 2022/23 Grant Audit Summary - Page 13



- 9** Data Analytics / Continuous Auditing - Page 19
- 10** Counter Fraud & Unplanned Reactive Work - Page 20
- 11** External Client Analysis and Performance - Page 22
- 12** Quality Assurance - Page 23
- 13** Public Sector Internal Audit Standards - Page 25



1. Background

Public Sector Internal Audit Standards

1.1 On 1st April 2013 the *Public Sector Internal Audit Standards (PSIAS, the Standards)* were formally adopted in respect of local government across the United Kingdom. The *PSIAS* apply to all internal audit providers, whether inhouse, shared services or outsourced. The *PSIAS* were revised from 1st April 2016, to incorporate the *Mission of Internal Audit* and *Core Principles for the Professional Practice of internal Auditing*.

1.2 The *Accounts and Audit Regulations 2015 Section 5*, define the requirement for an internal audit function within local government, stating 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

1.3 The responsibility for maintaining an adequate and effective system of internal audit within Portsmouth City Council lies with the Director of Finance (Section 151 Officer).

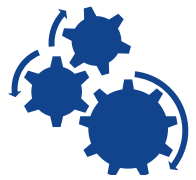
1.4 The Chief Internal Auditor is responsible for effectively managing the internal audit activity, in accordance with the definition of internal auditing, the *Code of Ethics* and the *Standards*.

1.5 In accordance with the *PSIAS* the definition of internal auditing is:

Internal auditing 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, control and governance processes

1.6 In addition the Chief Internal Auditor will provide an Annual Internal Audit Opinion, based on an objective assessment of the Authority's framework of governance, risk management and control.

1.7 The Annual Internal Audit Opinion must incorporate:



- The Opinion;
- A summary of the work that supports the Opinion; and
- A statement on conformance with *PSIAS* and the results of the quality assurance and improvement programme.

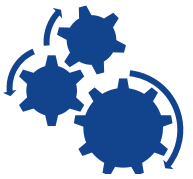
1.8 An annual self-assessment is carried out, as part of *PSIAS*. The assessment for 2022/23 confirmed that Portsmouth City Council Internal Audit Service is compliant with requirements. For 2022/23 an External Assessment (required every five years) confirmed this assessment.

Statement of Organisational Independence

1.9 The Internal Audit Section has no operational responsibilities for any financial systems, including system development and installation.

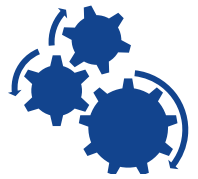
1.10 The Chief Internal Auditor is free from interference, although has due regard for the Authority's key objectives and risks and consults with Members and Officers charged with governance, when setting the priorities of the annual audit plan, for example, in determining the scope and objectives of work to be carried out and in performing the work and communicating the results of each audit assignment. There must be and is no compromise on the ability of Internal Audit to provide an independent assurance on the control framework.

1.11 The Internal Audit Section has free and unfettered access to the Section 151 Officer, Chief Executive, Monitoring Officer the Leader of the Council, and the Chair of the Audit Committee.



2. Annual Opinion for 2022/23

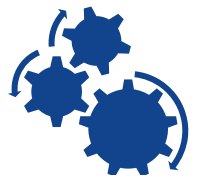
- 2.1** During 2022-23 Internal Audit & Counter Fraud completed 32 full audits, 14 follow ups, 7 second follow ups, 16 grants and 4 consultancy reviews. In 2021-22 there were no 'No Assurance' rated areas; however, this year (2022-23) there is 1. The 'No Assurance' review relates to Direct Payments and is detailed in the separate progress report. During the financial year 2022-23, there has been a decrease in the number of audits attributed with either 'Reasonable Assurance' or 'Assurance' assurance rating. 74% noted in 2021-22, dropping to 66% in 2022-23. The remaining 26% (2021-22) covered 'Limited Assurance' and 34% (2022-23) covering both 'Limited Assurance' and 'No Assurance'.
- 2.2** The shift in assurance levels coincides with process breaches relating to the safeguarding of assets where two separate investigations noted that adherence to the control framework was absent, which facilitated in a loss of assets to occur. Further work in this area was undertaken on 'Key Financial Controls'. This again has highlighted numerous control weaknesses and a strained control environment. Additional work is required to sense check the extent of the strain and causing factors.
- 2.3** Multiple factors maybe influencing the impact on the internal control environment; namely changes in key personnel, which has occurred since 2020, reduced capacity and therefore reduced visible oversight and management checks, coupled with this is the impinged ability to fully consider emerging risk factors as a direct result of the economic climate, as well as a change in working patterns.
- 2.4** In addition, over the past several years a residual issue has been highlighted in the number of outstanding actions for implementation. This year there has been continued progress as 55% of risks exceptions have been closed. However, it is noted that overall only 35% of follow up audits achieved improvement for their opinion level, with 65% remaining the same, due to insufficient movement to deliver actions. In addition, 19 risk exceptions were followed up for the second time during 2022/23 with 63% of the risks being closed and 37% remaining open or in progress.
- 2.5** Overall the council is reactive to issues identified within audits and this is a key indicator when evaluating good governance. The concerns relating to emerging patterns above need to be closely monitored and responded to, which the council has achieved previously. Collectively the overall assessment is that 'Reasonable Assurance' can be given that generally the internal control framework is working effectively, with the caveat that the internal control environment is being tested.



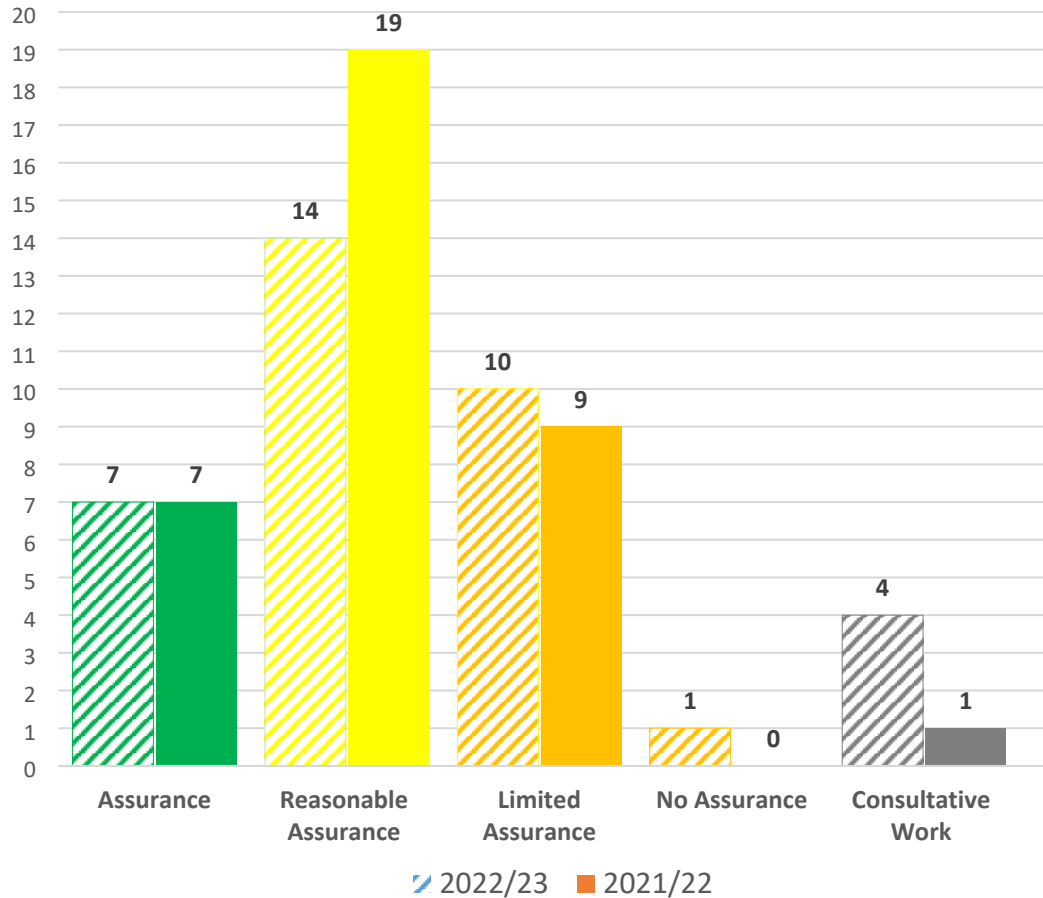
2.6 Four audit opinion levels are in place, and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance.



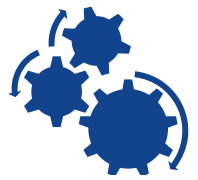
2.7 Any significant corporate weaknesses and agreed actions are reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2022/23 may affect that year's work for External Audit. It may also inform their work for 2023/24 and where they consider there are weaknesses in control that could materially affect the accounts, they may need to carry out further work to gain the necessary audit assurance required for a true and fair view of the financial position and compliance with professional codes of practice.



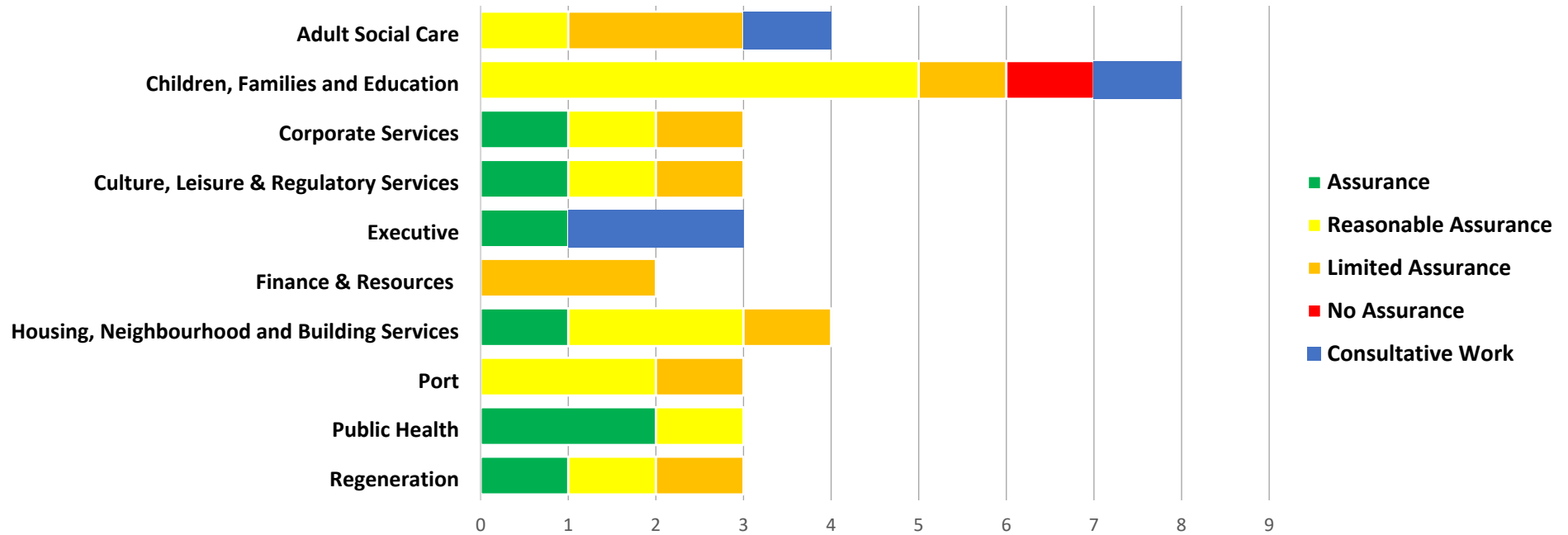
3. Comparative 2021/22 & 2022/23 Full Audit Assurance Levels



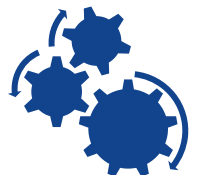
	2022/23	2021/22
Assurance	7	7
Reasonable Assurance	14	19
Limited Assurance	10	9
No Assurance	1	0
Consultative Work	4	1
TOTAL	36	36



4. 2022/23 Full Audit Assurance by Directorate



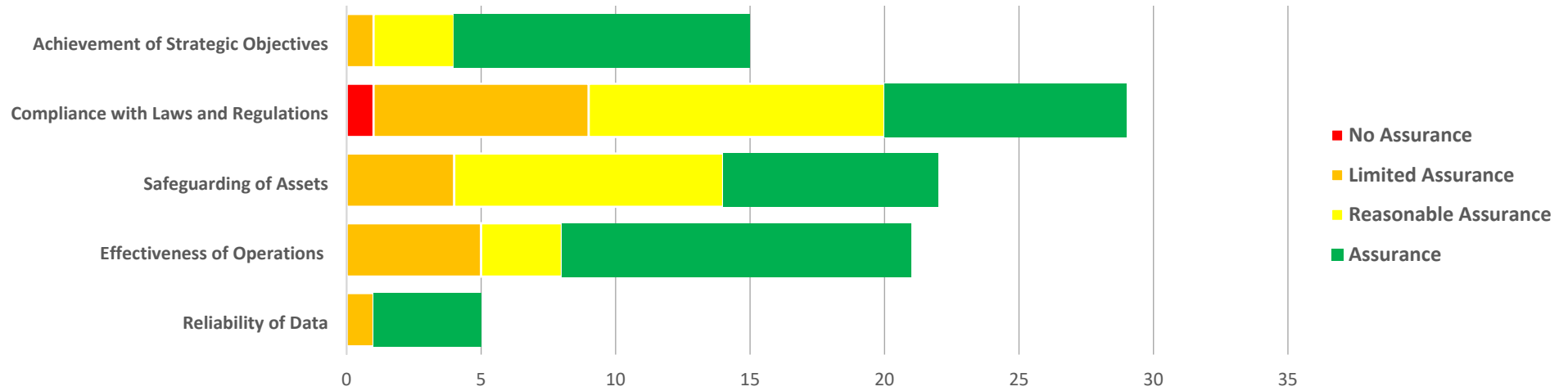
	Assurance	Reasonable Assurance	Limited Assurance	No Assurance	Consultative Work	TOTAL
Adult Social Care	0	1	2	0	1	4
Children, Families and Education	0	5	1	1	1	8
Culture, Leisure & Regulatory Services	1	1	1	0	0	3
Executive	1	0	0	0	2	3
Finance & Resources	0	0	2	0	0	2



Housing, Neighbourhood and Building Services	1	2	1	0	0	4
Corporate Services	1	1	1	0	0	3
Port	0	2	1	0	0	3
Regeneration	1	1	1	0	0	3
Public Health	2	1	0	0	0	3
TOTAL	7	14	10	1	4	36

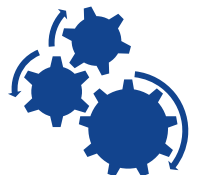


5. 2022/23 Assurance Analysis by Risk Classification

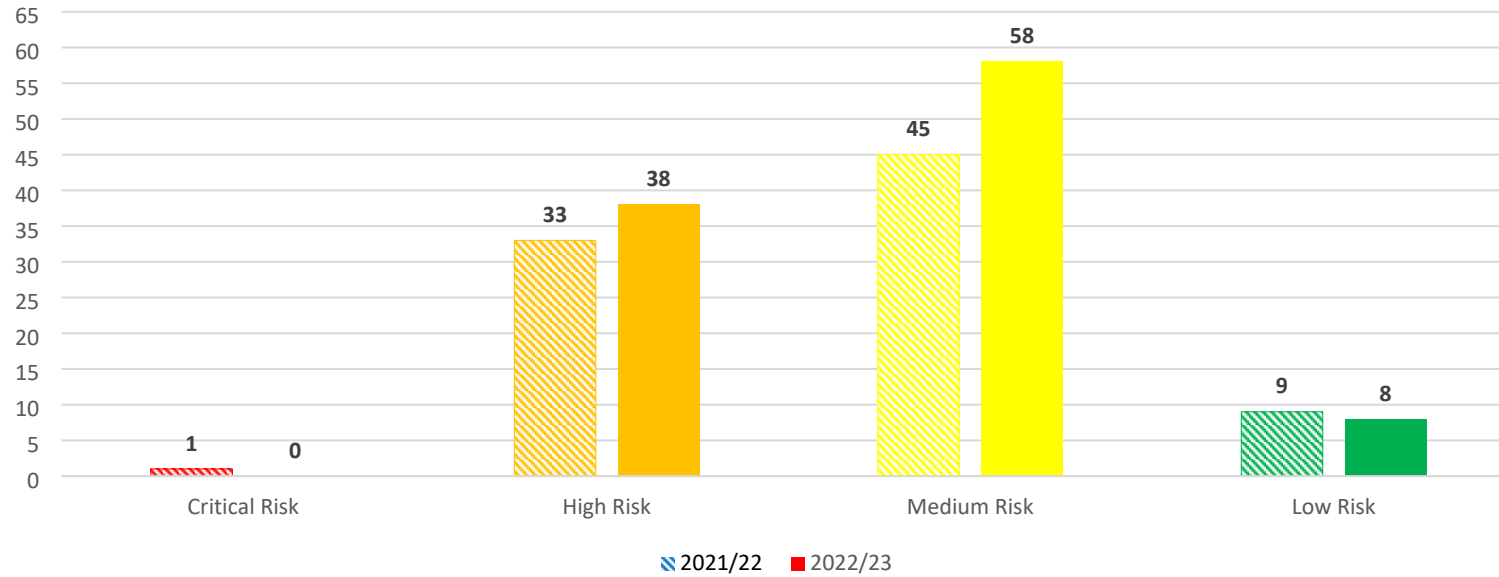


	No Assurance	Limited Assurance	Reasonable Assurance	Assurance	TOTAL
Achievement of Strategic Objectives	0	1	3	11	15
Compliance with Laws and Regulations	1	8	11	9	29
Safeguarding of Assets	0	4	10	8	22
Effectiveness of Operations	0	5	3	13	21
Reliability of Data	0	1	0	4	5
TOTAL	1	19	27	45	92

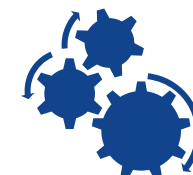
Note: not all audits assess all risk classifications; information on this page is limited to where audits assign an assurance rating to a risk classification.



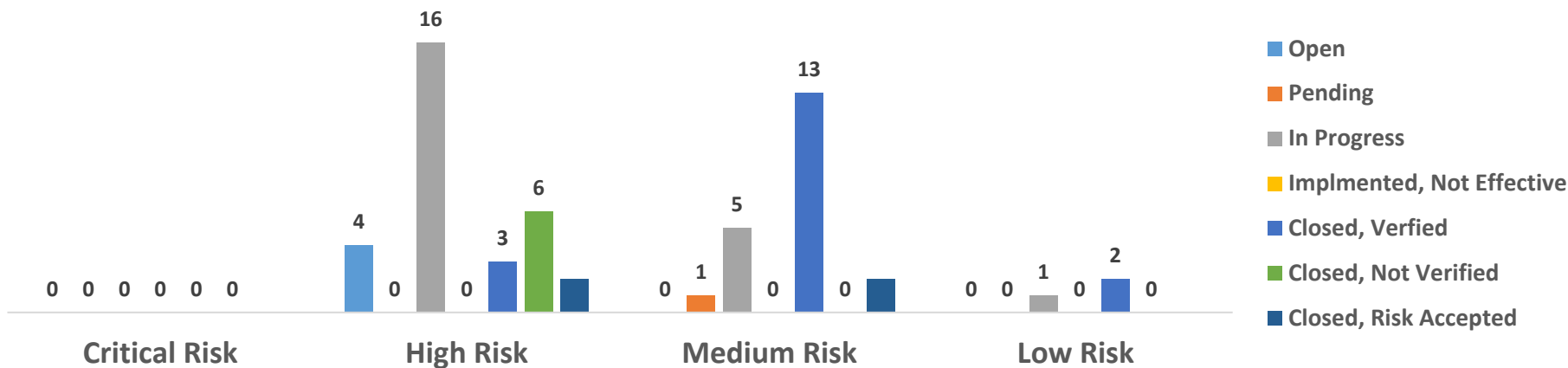
6. Comparative 2021/22 & 2022/23 Exception Risk Rankings



	2021/22	2022/23
Critical Risk	1	0
High Risk	33	38
Medium Risk	45	59
Low Risk	9	8
TOTAL	88	105

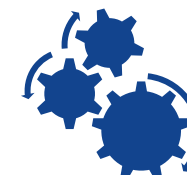


7. 2022/23 Follow Up Analysis



	Open	Pending	In Progress	Implemented, Not Effective	Closed, Verified	Closed, Not Verified	Closed, Risk Accepted	TOTAL
Critical Risk	0	0	1	0	0	0	0	1
High Risk	5	0	19	0	18	3	0	45
Medium Risk	6	0	3	0	13	2	0	24
Low Risk	0	0	0	0	3	1	1	5
TOTAL	11	0	23	0	34	6	1	75

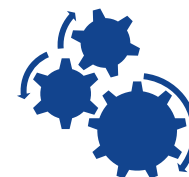
Internal Audit follows up exceptions where at least one high risk exception has been raised. Exceptions are followed up in the next financial year, to allow for agreed actions to be sufficiently implemented. Any critical risk exceptions are followed up within three months due to the potential severity of the risks identified. The figures above also include results from second follow ups. Internal Audit has conducted second follow ups where the first review has highlighted risk exposure still unmitigated. The overall position of the exceptions followed up in 2022/23 show that 55% have been closed which is an improvement from the 2021/22 year by 4%, however it is noted that 45% remain open, pending and or are in progress.



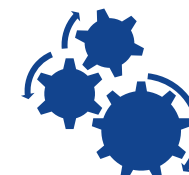
8. Audits Completed 2022/23 Summary

2022/23 Full Audit Summary

Audit	Directorate	Status	Assurance Level	Comments
Care Home Placements	Adult Social Care	Final	Limited Assurance	
Fieldwork Services	Adult Social Care	Final	Limited Assurance	
Shearwater (Agency Staff)	Adult Social Care	Final		Consultancy Review
Harry Sotnick house	Adult Social Care	Final	Reasonable Assurance	
Adhoc Payments and Expenses Social Care	Children, Families and Education	Final	Reasonable Assurance	
Children's Handling of Funds	Children, Families and Education	Final		Consultancy Review
Child Care Development and Early Years education	Children, Families and Education	Final	Reasonable Assurance	
Craneswater School	Children, Families and Education	Final	Reasonable Assurance	
Direct Payments	Children, Families and Education	Final	No Assurance	
Medina Primary	Children, Families and Education	Final	Reasonable Assurance	
Tangiers Road	Children, Families and Education	Final	Limited Assurance	
Wimbourne Primary	Children, Families and Education	Final	Reasonable Assurance	



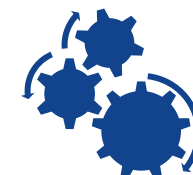
Fusion HR	Corporate Services	Final	Reasonable Assurance	
Health & Safety	Corporate Services	Final	Limited Assurance	
NHS Data Security & Protection Tool Kit	Corporate Services	Final	Assurance	
Cemeteries	Culture, Leisure and Regulatory Services	Final	Limited Assurance	
Community Funerals	Culture, Leisure and Regulatory Services	Final	Assurance	
Pyramids	Culture, Leisure and Regulatory Services	Final	Reasonable Assurance	
Ukrainian Accommodation Support	Executive	Final	Assurance	
Partnership Governance	Executive	Final		Consultancy Review
Shareholder Governance	Executive	Final		Consultancy Review
Key Controls (Cost of Living Crisis)	Finance and Resources	Final	Limited Assurance	
Purchase Cards	Finance and Resources	Final	Limited Assurance	
Coffee Shops	Housing Neighbourhood and Building Services	Final	Limited Assurance	
Leaseholder Charges	Housing Neighbourhood and Building Services	Final	Assurance	
Out of Hours Service	Housing Neighbourhood and Building Services	Final	Reasonable Assurance	
Rent Income	Housing Neighbourhood and Building Services	Final	Reasonable Assurance	
Accounts Payable & Receivable	Port	Final	Reasonable Assurance	
Asset Management	Port	Final	Reasonable Assurance	



Income Due	Port	Draft	Limited Assurance	Pending actions
Business Planning & Risk Management	Public Health	Final	Assurance	
Public Health Intelligence	Public Health	Final	Reasonable Assurance	
Public Health Outcomes	Public Health	Final	Assurance	
Building Control	Regeneration	Final	Assurance	
CIL Community Infrastructure Levy	Regeneration	Final	Reasonable Assurance	
Commercial Rents	Regeneration	Final	Limited Assurance	

2022/23 Follow Up Summary

Audit	Directorate	Status	Assurance Level	Comments
Direct Payments	Adult Social Care	Final	Reasonable Assurance	
Educational Health Care Plans for up to 25 years old	Children, Families and Education	Final	Limited Assurance	
Southsea Infants	Children, Families and Education	Final	Reasonable Assurance	
St Pauls	Children, Families and Education	Final	Reasonable Assurance	
Information Governance	Corporate Services	Final	Reasonable Assurance	



HIVE	Culture, Leisure and Regulatory Services	Final	Assurance	
Trading Standards	Culture, Leisure and Regulatory Services	Final	Reasonable Assurance	
Water Safety	Culture, Leisure and Regulatory Services	Final	Reasonable Assurance	
Modern Slavery	Executive	Final	Limited Assurance	
Shared Services	Executive	Final	Limited Assurance	
Accounts Payable	Finance and Resources	Final	Limited Assurance	
Payroll/ Pension	Finance and Resources	Final	Reasonable Assurance	
Depot Services	Housing Neighbourhood and Building Services	Final	Limited Assurance	
Emergency Procedures	Housing Neighbourhood and Building Services	Final	Reasonable Assurance	
Estates Services	Housing Neighbourhood and Building Services	Final	Reasonable Assurance	
Gas Services (includes servicing & certification)	Housing Neighbourhood and Building Services	Final	Assurance	
Homelessness	Housing Neighbourhood and Building Services	Final	Reasonable Assurance	
Right to Buy	Housing Neighbourhood and Building Services	Final	Assurance	
ABP Contract	Port	Final	Assurance	



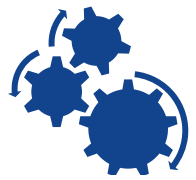
Hire Cars	Regeneration	Final	Limited Assurance	
Home to school transport	Regeneration	Final	Reasonable Assurance	

2022/23 Grant Audit Summary

Audit	Directorate	Status	Assurance Level	Comments
Biodiversity Net Gain Grant 31-6499	Regeneration	Final	Assurance	
2SEAS PECS Grant	Port	Final	Assurance	
2SEAS SPEED Grant	Port	Final	Assurance	
Bus Subsidy Grant	Regeneration	Final	Assurance	
Contain Outbreak Management Fund (COMF)	Public Health	Final	Assurance	
Disabled Facilities Grant	Housing Neighbourhood and Building Services	Final	Assurance	
Weight Management Service Grant	Adults Services	Final	Assurance	
Green Homes Grant	Housing Neighbourhood and Building Services	Final	Assurance	
Local Transport Capital	Regeneration	Final	Assurance	
Omicron Business Grant	Finance and Resources	Final	Assurance	
Orpheus Grant	Children, Families and Education	Final	Assurance	
Orpheus Grant On the Spot	Children, Families and Education	Final	Assurance	
School Condition Funding	Children, Families and Education	Final	Assurance	



Test & Trace £500	Finance and Resources	Final	Assurance	
Troubled Families Grant	Children, Families and Education	Final	Assurance	
Universal Drug Treatment	Public Health	Final	Assurance	



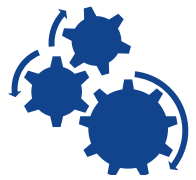
9. Data Analytics / Continuous Auditing

9.1 IDEA data analytics was used extensively throughout the 2022/23 financial year in order to aid Internal Audit & Counter Fraud in using resources efficiently. These include:

- Continuous Auditing
- Audit Testing
- Audit Sampling
- Fraud Testing
- Data Analysis

9.2 Across all audits, including external clients, IDEA is considered and where appropriate utilised for random & stratified sampling. Examples of where IDEA was used include:

- Purchase Cards - To highlight (Split transactions / transactions over the limit / and transactions non-compliant with the purchasing cards policy)
- Payroll - Analytic review on employee data
- Multiple PDF reports converted to excel
- Random Sampling
- Warm Homes Grant - use for random sample selection and reconciliation of final figures for the grant certification
- Port AP and AR - analysis of access controls to SCALA. Collation and review of debt figures across time to aid debt analysis testing
- HR Absence Data - review of absence data to determine compliance with bank holiday use in Fusion



10. Counter Fraud & Audit Unplanned Reactive Work

10.1 A summary has been provided of Counter Fraud and Audit reactive work conducted during the 2022/23 year.

10.2 Referrals

The Counter Fraud team receive a number of fraud referrals which are risk assessed to determine if a full investigation is needed. For 2022/23, 133 cases were received and have been investigated or are being investigated. The 133 cases relate to 162 potential offenses committed. This is an increase in cases from the previous year (86).

10.3 Case Summary

The potential offenses committed under investigated cover:

- 57 - Housing related including, sub-letting, re-housing application fraud, right to buy and abandoned properties.
- 86 - Council Tax Support or other exemptions
- 14 - Other

Corporate Cases

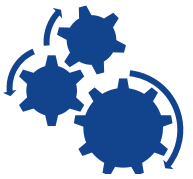
- 2 - Cash thefts
- 2 - Frauds - both covering failure to declare and false representation
- 1 - Safeguarding and bribery concerns

10.4 Ongoing NFI

PCC Counter Fraud and Audit are responsible for the management and admin of the Authority's participation in the National Fraud Initiative (NFI) which is a mandatory scheme in which multiple data sets are uploaded and analysed. The results are then presented back to the council for investigation. NFI does not run-in financial years but spans a period of 18 months, results have been received following the September 2022 submission, these are being processed.

10.5 Social Media Surveillance

Use of social media as a means of carrying out surveillance is not permitted unless a Regulations Investigatory Powers Act 2000 (RIPA) application has been successful. Counter Fraud and Audit maintain oversight and are responsible for monitoring the arrangements in place in this area. Checks have been carried out on all services with the agreed ability to perform initial checks on social media to ensure that they are operating within the legislative boundaries.

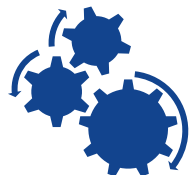


10.6 Money Laundering

Counter Fraud are responsible for the monitoring and investigation of any suspected money laundering cases presented to the council. PCC policy outlines that any cash payment received over £5000 will be investigated. During 2022/23, 2 money laundering investigations were undertaken however there were no cases that were deemed to require further investigation.

10.7 Advice

Internal Audit gave 13 items of advice across varying council services on risk and control throughout the financial year 2022/23. Advice is recorded if the time spent to conduct the required work exceeds 1 hour of officer time.



11. External Client Analysis and Performance

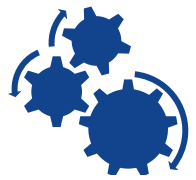
11.1 The Internal Audit & Counter Fraud service at Portsmouth City Council have maintained the contracts in place for the provision of Internal Audit & Counter Fraud duties with a number of external clients as noted below. These arrangements cover some or all of the following; audits, investigations, NFI administration, anti-money laundering and where applicable the role of the Chief Internal Auditor.

11.2 External Client Base for 2022/23

- Southampton City Council
- Fareham Borough Council
- Solent Local Enterprise Partnership
- Gosport Borough Council
- Various PCC Schools
- Isle of Wight Council
- Rushmore Borough Council
- Portico (MMD)
- Medina Primary School (IOW)

11.3 Chief Internal Auditor role is covered for the following organisations;

- Portsmouth City Council
- Southampton City Council
- Isle of Wight Council
- Solent Local Enterprise Partnership
- Gosport Borough Council
- Portico (MMD)

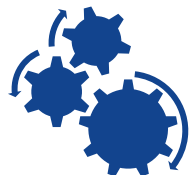


12. Quality Assurance

12.1 As part of the *Public Sector Internal Audit Standards* the Chief Internal Auditor is required to maintain a quality assurance and improvement programme (QA&IP) that covers all aspects of the internal audit activity. This QA&IP must include both internal and external assessments, which are detailed below under section 14.

In addition to this, quality and improvement requirements are assessed by means of:

- Sign off by the Chief Internal Auditor or Deputy of all key stages of an audit, for example the scope of work and level of testing to be performed, the conclusion of the work and opinion formed followed by a review of the draft and final reports.
- Weekly or bi-weekly 1:1s with all members of staff, within Internal Audit and colleagues who undertake Counter Fraud activities.
- Annual performance reviews of all staff, including the identification and provision of training. The majority of training needs are provided by a combination of external professional studies, supporting by in-house provisions and mentoring.
- All staff above Auditor level are required to undertake professional training or have achieved an education level of degree or above. For those that have completed professional studies as part of their professional body membership, much complete the required Continuous Professional Development.
- An annual skills gap analysis across the team, (this includes the wider team) to determine specific potential shortages or gaps. Whilst no major gaps are noted at present, historical gaps in areas such as project auditing, contract auditing and IT auditing have been identified following the departure of employees (including retirement). These shortfalls have been addressed by specified recruitment, bespoke training or if required short term, by means of additional sign off/ mentoring of staff. Areas requiring improvement for this year's assessments are noted below, Skills Gap Analysis Results (13.2).
- All staff complete an annual declaration of interests including a nil return, to avoid any impingement on independence or conflict of interest.
- Feedback has been received during 2022/23 from key stakeholders, all feedback supported the quality assurance assessment reflecting that the service provided complies with *PSIAS* criteria.

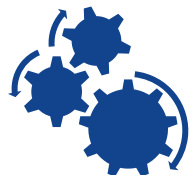


Skills Gap Analysis for 2022/23

12.2 Essential Areas: where greater coverage of skills is needed moving forward:

- *Experience:* experience at a senior level across multiple subject areas has decreased with the retirement of senior officers in March 2022 and May 2022. This has led to a vulnerability as knowledge within certain areas has decreased. Professional training and mentoring has been provided over the last year and this will continue moving forward.
- *Auditing, Specialist IT Auditing skills:* these are limited within the overall service (Partnership) with only two officers currently qualified. To address this shortfall, professional training will continue for a third officer and use will also be made of resources employed elsewhere under the various partnerships and shared service arrangements.
- *Counter Fraud skills:* whilst there are three officers qualified in Counter Fraud (CF) and investigative practice these resources are limited. There has been a significant increase in investigating across the partnership for counter fraud work, including grant related fraud prevention and assessment work, which has placed this area of the service under pressure.
- *Qualified Accountants:* the final area to note is in relation to the level of qualified auditors, specifically 'accountancy qualified'. Following the retirement of three officers a gap emerged representing a shortfall in this area. One implication is the ability to verify certain grant work, where the accounting qualification is restricted. This position has improved as the Principal Auditor within the wider partnership is now fully qualified under Chartered Institute of Management Accountants.

Discussions will continue to be held with the s151 officer to review the overall arrangements moving forward relating to all skills gaps noted as concerns above.



13. Public Sector Internal Audit Standards

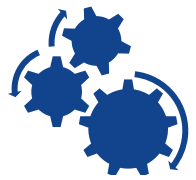
- 13.1** Under the *Public Sector Internal Audit Standards (PSIAS, the Standards) Standard 1310* requires that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the *PSIAS*) must be undertaken. *Standard 1311* allows for periodic self-assessments, which for Portsmouth City Council has been carried out each year since the standards were introduced. The results of the self-assessments have been communicated annual alongside the annual audit opinion to this committee.
- 13.2** *Standard 1312* requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Standards state that a qualified assessor demonstrates competence in two areas; the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. An independent assessor means not having an actual or perceived conflict of interest and not being part of, or under the control of, the organisation to which the internal audit activity belongs.

An assessment of arrangements in place at Portsmouth City Council's Internal Audit & Counter Fraud Service was last carried out in 2017/18.

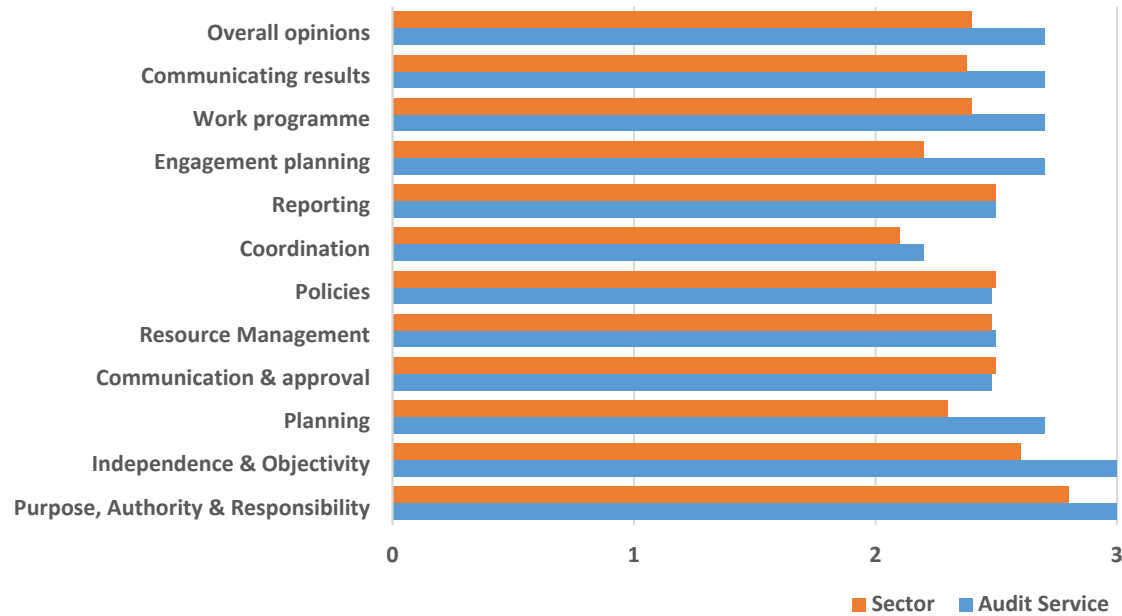
During 2022/23 an External Quality Assessment (EQA) was carried out of the Internal Audit Service (including arrangements in place in the Island), to comply with the Public Sector Internal Audit Standards (PSIAS) identified above. The EQA assessed the Service against key PSIAS standards, confirming:

- Appropriate strategic documentation and policies are in place.
- The Service is correctly managed and resourced (skill set).
- Audits are carried out, from scoping to finalisation, in line with good practice.

Overall Internal Audit achieved the highest rating possible, with no substantive issues identified with either the constitution or operation of the Service.



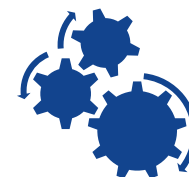
The assessment was grouped under 12 high level headings. An indicative assessment, against the wider local government sector, is provided below (Developing: 1, Established: 2, Excelling: 3):



As above Internal Audit is rated as ‘established/ excelling’, for all 12 areas of the assessment.

While no substantive gaps were identified against the PSIAS, a number of recommendations were made to enable the Service ‘to better reflect the application of the PSIAS’ and its proposed direction, which is currently out for consultation. These are summarised below:

- *Audit Universe*: increase alignment of auditable units with the Council's risk management process.
 - This is currently performed at a strategic level with each auditable area aligned to the corporate risks. Operational risks are discussed with Directors and individual service managers; however, amendments have been made to the Audit Planning Memorandum (APM) to explicitly reflect this.
- *Governance*: formalise mapping of Internal Audit activity, to the Council’s Code of Governance/Annual Governance Statement.



- Amendments have been made to the Internal Audit Charter to capture this.
- *Assurance Mapping*: enhance capture of wider sources of assurance in the planning of individual audit reviews.
 - Where applicable this is already reflected in the APM, i.e., that the scope excludes areas already covered either by IA or other relevant parties. Also see comment below under Annual Report.
- *Engagement Planning*: increase alignment of audit scopes, with the Council's operational risks.
 - See action taken under Audit Universe.
- *Grading of Recommendations*: align finding ratings with the Council's risk assessment framework.
 - These are discussed with relevant officers at the close of the audit and are presented as a narrative or risk and consequence, consideration to adopting scoring system will be explored in discussion with the s151 officer.
- *Annual Report*: more fully capture wider sources of assurance.
 - The annual audit opinion has been expanded to adequately reflect the sources of assurance consider when forming the overall opinion.
 - Internal Audit is progressing all of the enhancements summarised above. Implementation will commence during 2023/24, scheduled to be fully implemented by the of the 2023/24 financial year.

13.3 The Code of Ethics (CoE) expected of internal auditors is embedded in the Public Sector Internal Audit Standards, covering four areas, Integrity, Objectivity, Confidentiality and Competency. The steps taken by Internal Audit to ensure compliance with the CoE are set out in the Internal Audit Charter, as part of the Quality Assurance and Improvement Programme (QAIP).

For 2022/23 the Chief Internal Auditor assesses Internal Audit as fully compliant with the CoE, as detailed below:

- Integrity is ensured through the recruitment process, with any issues addressed through disciplinary processes; no issues have materialised during 2022/23.
- Individual auditors update their register of interests annually. This is used to inform resourcing for individual audits, to confirm that these are carried out objectively.
- The Internal Audit Manual and supporting processes/systems ensure that client information is treated in line with Council data protection requirements, maintaining confidentiality.

A workforce plan is maintained by the Chief Internal Auditor at the team level, with a combination of recruitment and training used to address any gaps. For individual audits only auditors with the requisite competency are used, for the area under review.