

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	27 June 2024
Subject:	Internal Audit Annual Report 2023-24
Head of Service:	Marc Jones, Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor, Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting: The Local Government (Wales) Measure 2011 mandates that the Governance and Audit Committee oversee the Council's internal audit arrangements. The Committee's terms of reference require it to:</p> <ul style="list-style-type: none"> • Review an annual report from the Head of Audit and Risk on internal audit performance. • Consider the evaluation of the overall adequacy and effectiveness of the Council's governance, risk management, and control framework, and the work supporting this assessment, and to consider this when reviewing the Annual Governance Statement. • Assess the level of conformance with Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme, which support the reliability of internal audit conclusions. <p>Additionally, the Public Sector Internal Audit Standards mandate that the chief audit executive produces an Internal Audit Annual Report.</p>	

1. Introduction

- 1.1. The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit Committee to oversee the Council's internal audit arrangements (3.4.8.10.1).
- 1.2. The terms of reference also require the Committee to consider an annual report from the Head of Audit and Risk on internal audit's performance, including the performance of external providers of internal audit services (3.4.8.10.6).
- 1.3. The Committee is further required to consider the opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion. These will assist the Committee in reviewing the Annual Governance Statement (3.4.8.10.7).
- 1.4. The Committee is also required to consider the statement contained in the annual report of the level of conformance with the Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme that support the

statement – these will indicate the reliability of the conclusions of internal audit (3.4.8.10.8).

1.5. The Public Sector Internal Audit Standards also require the chief audit executive to produce an Internal Audit Annual Report (Standard 2450).

1.6. Therefore, this report provides the Committee with the Internal Audit Annual Report for 2023-24, which provides the Head of Audit and Risk's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control during the year.

2. Recommendation

2.1. That the Committee considers and comments on the Head of Audit and Risk's annual report and overall 'opinion', in particular, to assist the Committee when reviewing the Annual Governance Statement:

- the summary of the work carried out during the year and the assurances provided.
- the overall opinion.
- the performance of the internal audit function, in particular, noting the level of conformance with the Public Sector Internal Audit Standards.

Internal Audit Annual Report 2023-24

June 2024



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit and Risk



Contents

Introduction	1
Internal Audit Opinion	2
Issues relevant to the preparation of the Annual Governance Statement	2
Basis of My Opinion	3
Issues / Risks Raised	4
Our Performance	7
Training and Development	8
Conformance with the Public Sector Internal Audit Standards	9
Statement of Independence (Standard 1110)	9
Challenges and opportunities going forward	10
Appendix A: Definition of Assurance Ratings 2023-24	11
Appendix B – Assurance Map (Third Line) - Red and Amber Residual Risks in the Strategic Risk Register 2023-24	12
Appendix C: Third Line Assurance – Other Internal Audit Work in 2023-24	15
Appendix D: Public Sector Internal Audit Standards Annual Self-assessment Action Plan	16

Introduction

1. The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Head of Audit and Risk, to deliver an annual internal audit opinion that the organisation can use to inform its Annual Governance Statement¹.
2. The annual opinion includes:
 - An [opinion](#) on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.
 - Disclosure of any [qualifications](#) to that opinion, together with the reason for the qualification.
 - Any [issues](#) the chief audit executive judges particularly relevant to the preparation of the Annual Governance Statement.
 - A [summary](#) of the audit work from which the opinion is derived, including reliance placed on other assurance bodies.
 - A summary of the [performance](#) of the internal audit function against its performance measures.
 - Commentary on [compliance](#) with the PSIAS and communicates the results of the Internal Audit quality assurance programme.
 - A [Statement of Independence](#)

¹ The Accounts and Audit (Wales) Regulations 2014 requires a review of governance arrangements to be reported within the authority, in the Council's case, the Governance and Audit Committee, and externally in the published accounts. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor, and the Head of Audit and Risk provides a written annual report to those charged with governance to support the AGS.

Internal Audit Opinion

Head of Internal Audit Opinion 2023-24

For the 12 months ended 31 March 2024, the Isle of Anglesey County Council's Head of Audit and Risk's opinion is that the organisation has an adequate and effective framework for risk management, governance and internal control.

While I do not consider any areas of significant corporate concern, some areas require the introduction or improvement of internal controls to ensure the achievement of objectives, and these are the subject of monitoring.

There are no qualifications to this opinion.

Issues relevant to the preparation of the Annual Governance Statement

3. There are no issues which are of a significantly high risk or impact that warrant inclusion in the Annual Governance Statement.
4. During 2023-24, we have found senior management at the Council to be supportive and responsive to the issues we have raised. We have a good relationship with management; they openly share the areas where they perceive to be potential problems and take on board the results of our work as an opportunity for making improvements.
5. We have also been commissioned to undertake advisory work in the year at the request of management, which gives a strong indicator that managers are willing to engage with Internal Audit to establish good risk and control environments.

Basis of My Opinion

Scope

6. I have reached my opinion by considering the work and activities we have carried out during the year, further discussed below. The opinion does not imply that we have reviewed all risks and assurances relating to the Council. It is substantially derived from the setting of a risk-based strategy, which management have fed into, and the new Governance and Audit Committee approved in April 2023. It should provide a reasonable level of assurance, subject to the inherent limitations below.

Limitations

7. The matters raised in this report are only those that came to our attention during the course of our work and activities within the Council. They are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Neither this report, nor our work, should be taken as a substitute for management's responsibilities for the application of sound internal control practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist.

Third Line Assurance²

8. Key to being able to obtain sufficient assurance to inform the opinion was to take into account internal audit reviews of the strategic risks and other audit work, and the assurance ratings provided:

Audits of Strategic Risks

9. During 2023-24, following a comprehensive review of the Council's risks to achieving its corporate priorities, 11 (11 in 2022-23) risks were rated as having a red or amber residual risk rating and were recorded in a strategic risk register.
10. We aim to audit 80% of red and amber residual risks over a two-year cycle. We reviewed 9 (82%) (9 / 82% in 2022-23) of these over a 24-month period. ([Appendix B](#) refers).
11. We were able to provide 'Reasonable' assurance that the Council was effectively managing all of the strategic risks we reviewed.

Other audit work

12. We also reviewed other key areas of the Council's activities, including areas where the Director of Function (Resources) and Section 151 officer and Leadership Team had raised concerns ([Appendix C](#) refers).
13. Of the 14 audits (11 in 2022-23) of this type we undertook during 2023-24, we were able to provide:
 - None with 'Substantial' assurance (none in 2022-23),
 - Eight with 'Reasonable' assurance (seven in 2022-23),
 - Two 'Limited' assurance (two in 2022-23), and,
14. Three investigations and a Health Check of the Council's Risk Management arrangements, undertaken by Zurich Resilience Solutions, were not provided with assurance ratings.
15. The two limited assurance reports relate to an audit of Council Tax, NNDR and Sundry Debt Recovery. Following the original audit in September 2023, we carried out a follow up in March 2024. Though our follow up work found reasonable progress in

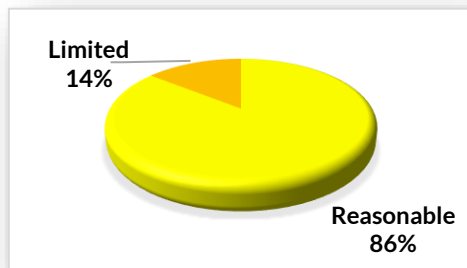
² Definitions of assurance ratings in place during 2023-24 can be found at [Appendix A](#)

addressing some of the issues/risks raised in our original review, further work was needed to implement an effective process to review and recover aged debts.

16. Therefore, we were unable to increase the assurance rating from limited at this time. We will conduct a second follow up during 2024-25.

Internal Audit Assurance ratings provided during 2023-24

17. Overall, we were able to provide 'Reasonable' assurance or above for 86% (83% in 2021-22) of the audits we undertook during 2023-24.



18. Two audits (14%) received 'Limited' assurance during the year, compared to three (17%) in 2022-23. In accordance with our protocol, we formally revisit all the 'Issues/Risks' raised in reports with a 'Limited' assurance, when they become due, to ensure they are effectively addressed.
19. No audits received 'No' assurance and no 'Critical' (red) 'issues/risks' were raised during the year.
20. Where we identified 'Issues/Risks', management accepted them all. The remaining 'Issues/Risks' were monitored via our action tracking system, 4action, discussed in further detail in the following section.

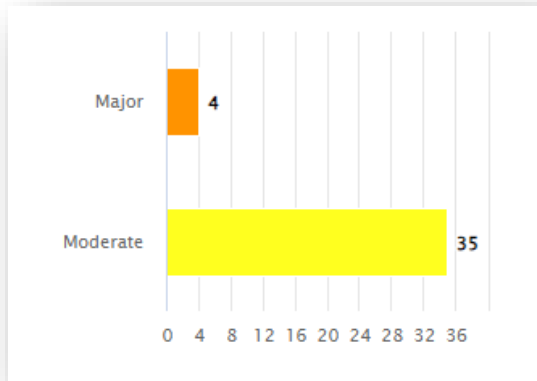
Issues / Risks Raised

21. We use the Council's action tracking system 4action to monitor the 'Issues' and 'Risks' we raise during our work. We have developed and refined a user dashboard on 4action, which displays a real-time snapshot of current performance in addressing outstanding actions and enables effective tracking and reporting of this information. We continuously monitor 'overdue' actions and so are able to obtain updates from management as to progress with addressing them.
22. In addition to this, with a productivity level of 72%, we have around 700 days of audit resource available to undertake the remaining internal audit activity, including investigations, to provide the annual assurance opinion.
23. The following graphs show the outstanding actions as at 31 March 2024.
24. It should be noted that no 'Critical' (red) issues/risks were raised during the year and there are no 'Critical' (red) 'issues/risks' currently outstanding.

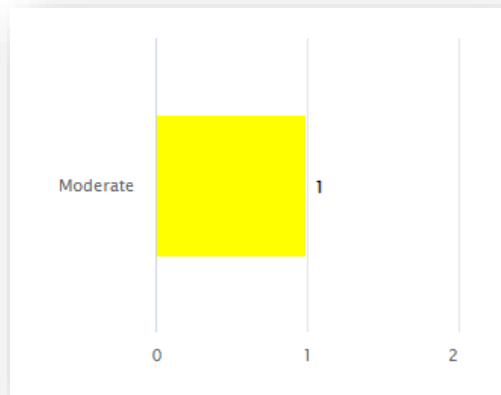
Current and Overdue Actions

25. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed.
26. As at 31 March 2024, we are tracking 39 outstanding actions (49 as at 31 March 2023). Of these, four (12 in 2022-23) are assessed as 'major' (amber) and 35 (37 in 2022-23) 'moderate' (yellow) risks, as shown below.

Total Outstanding Actions



Overdue Actions



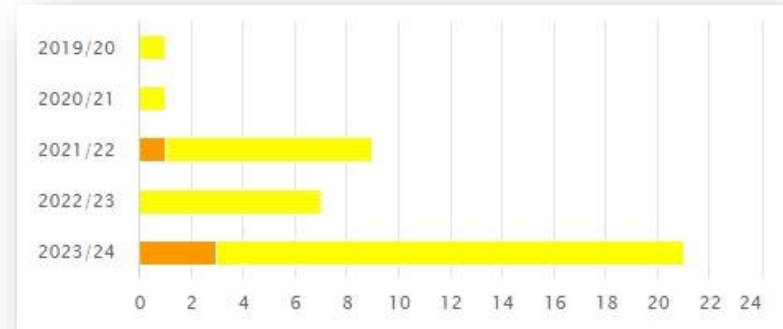
27. There is currently one action that has reached the date management was due to finish implementing it, and is now 'overdue', as shown above.

28. It is a moderate rated issue/risk. It was raised during an audit of 'Supplier Maintenance and Duplicate Payments' in May 2021 and relates to the recovery of a small number of duplicate creditor payments identified during the audit.

29. We are advised that the Trainee Accountant is working through the duplicate payments and has identified some where repayment has already been recovered via credit notes for suppliers used regularly by the Council.

30. Progress is being made with the remaining duplicates, however staffing issues within the Payments team and the prioritisation of essential services and end-of-year priorities has caused delays to this work.

Issues / Risks by Year



31. Of the 39 (49 in 2022-23) actions we are tracking, these were raised between 2019-20 and 2023-24.

32. While the graph above indicates the majority relate to the current and last two financial years, there are two 'issue/risks' dating back to 2019-20 and 2020-21 that management has yet to fully address.

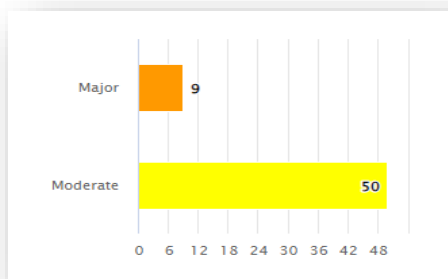
33. These relate to finalising the Council’s assurance mapping arrangements and the recovery of a small number of duplicate creditor payments (as detailed above). They are both rated as ‘moderate’ or ‘yellow’ in risk priority.

34. In relation to the former, the Council has completed the upgrade of its Risk Management system, 4Risk. As a result, work to populate the assurance map has restarted. While Internal Audit has completed its population of the third line assurances, the Risk and Insurance Manager has been working with Service Business Managers and the Performance Team to populate the first- and second-line assurances.

35. It should be noted that there are no ‘major’ rated issues/risks dating back further than 2021-22, with the majority relating to the current financial year. This demonstrates that management are prioritising addressing risks of higher priority.

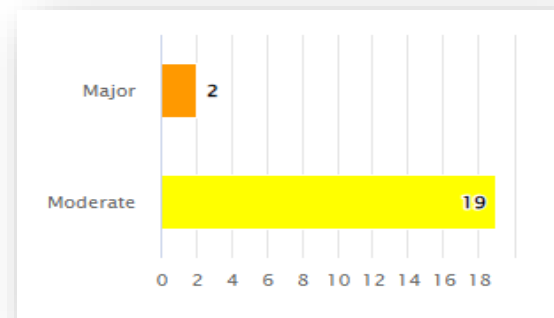
Issues / Risks Raised and Due in 2023-24

Issues / Risks raised in 2023-24



36. During 2023-24, we raised 59 (36 in 2022-23) ‘issues/risks’ that required management attention. Of these, we classified nine (six in 2022-23) as ‘major’ (amber) and 50 (30 in 2022-23) as ‘moderate’ (yellow).

Issues / Risks raised, became due and addressed in 2023-24



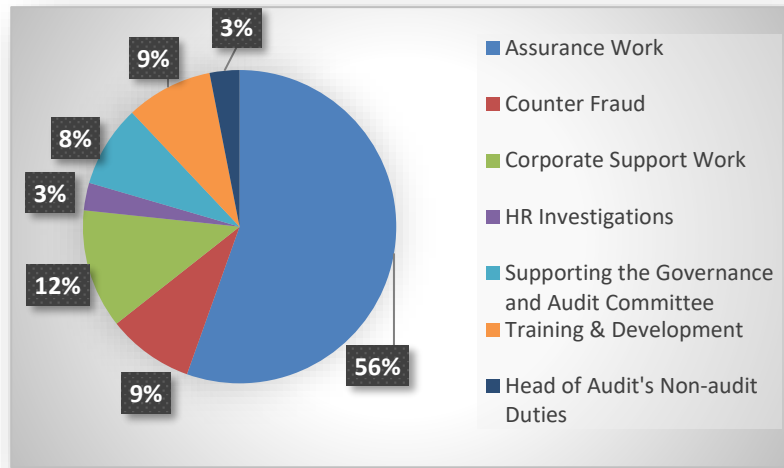
37. 22 (nine in 2022-23) of the actions raised became due for completion in 2023-24 and management addressed 21 (nine in 2021-22) before 31 March 2024. This represents 95% performance in this area (100% in 2022-23).

38. The one action that was not fully addressed before the end of March is ‘moderate’ (yellow) in risk priority and was raised during an audit of Housing Waste Management. It relates to discrepancies in contract charges for services, leading to a potential overpayment to a supplier.

39. The service has made progress with investigating the overpayment and is in the process of liaising with the supplier to improve invoicing arrangements going forward.

Our Performance

40. When delivering the risk-based audit strategy, the Head of Audit and Risk, supported by the Leadership Team, has made every effort to make best use of available internal audit resources during the year, as follows:



Adding Value

41. Throughout the year we strived to add value wherever possible. We have continued to support managers across the Council by providing training, advice and sourcing external resources to provide assurance, such as the training and audits of the Unofficial School Funds, and IT audit.
42. We have also continued to support peers regionally, nationally across Wales, and the Northwest of England, by sharing good practice and work programmes, along with areas of emerging risk.

Performance Measures

43. We have a quality assurance and improvement programme to ensure continuous improvement of our internal audit service.
44. In April 2023, the Governance and Audit Committee agreed a number of performance targets within the Strategy for 2023-24, which can be seen below.

Performance Indicator	Target 2022-23	Actual 2022-23	Target 2023-24	Actual 2023-24
Red / Amber Residual Risks in the Strategic Risk Register audited (over a rolling 24-month period)	80%	82%	80%	82%
Audits completed within six months	85%	89%	85%	84%
Clients' responses at least 'satisfied'	100%	100%	100%	100%
Number of staff (Full Time Equivalent)	5.0 FTE	3.0 FTE	4.0 FTE	3.3 FTE
All fraud alerts received, considered, distributed.	n/a	n/a	100%	100%
Outcome of the internal (annually) and external (five-yearly) assessments of the quality assurance and improvement programme.	n/a	n/a	Generally Conforms	Generally Conforms

45. Two new measures, relating to counter fraud and the outcome of the quality assurance and improvement programme, were added during 2023-24.
46. We have performed well against most of our targets, with four out of six indicators meeting their target. Crucially, we have comfortably achieved our target of reviewing 82% of the red and amber residual risks in the Strategic Risk Register, which provides

sufficient assurance to allow the Head of Audit and Risk to provide the Annual Audit Opinion.

- 47. Two areas failed to fully achieve their target performance level; audits completed within six months and number of staff. Two audits took longer than the six-month deadline (6.3 and 6.8 months respectively) due to the protracted absence of key staff in the audited service. The completion of one audit was delayed due to a delay (8.0 months) in the service providing the information required for the audit.
- 48. Along with the continuing secondment to Accountancy, a Senior Auditor resigned during the year and a decision was made not to fill the vacancies and instead continue to use the budget to commission external expertise. Accordingly, the new target for 2024-25 will reflect the current staff in post.

Benchmarking

- 49. Normally we would benchmark our performance against the 22 members of the Welsh Chief Auditors Group. However, following concerns around the comparability of the data, the Welsh Chief Auditors Group established a working group to review the measures which are currently being piloted, with a commitment to re-starting the benchmarking exercise from 2024-25.

Training and Development

- 50. In total, the service invested 67 days / 9% (67 days / 10% in 2022-23) in training and development during 2023-24 consisting of the following:



- 51. All current members of the team are professionally qualified, with a good mix of professional qualifications, including CIPFA, CIIA³, IRRV⁴, ACFS and ACFTech⁵. The service has invested significantly to ensure they continue their professional development and stay abreast of emerging risks and developments in the sector. We are currently supporting the Senior Auditor in their studies towards the Chartered Institute of Internal Auditors professional qualification.
- 52. We have also participated in all the mandatory corporate training, where required.

³ The Chartered Institute of Internal Auditors (CIIA) is a professional association for internal auditors.

⁴ The Institute of Revenues Rating and Valuation (IRRV) is the professional body for local taxation, benefits and valuation.

⁵ The ACFS and ACFTech are professional counter fraud qualifications accredited by the Counter Fraud Professional Awards Board.

Conformance with the Public Sector Internal Audit Standards

External Assessment (Standard 1312)

53. The Public Sector Internal Audit Standards require internal audit services to have an external assessment which must be conducted by a qualified, independent assessor or assessment team from outside the organisation once every five years.
54. An external assessment of the Isle of Anglesey County Council Internal Audit Service was undertaken this year via peer review, by Flintshire County Council.
55. The assessment, concluded in May 2023, confirmed that “Following validation of the self-assessment by Flintshire County Council, the Internal Audit Service of the Isle of Anglesey County Council ‘Generally Conforms’ with the requirements. “Generally Conforms’ reflects the highest level of conformance following an external assessment.... Overall, the Ynys Môn County Council’s Internal Audit Service complies with the standards in all significant areas and operates independently and objectively.”

Internal Assessment (Standard 1311)

56. The Public Sector Internal Audit Standards also require internal audit services to undertake periodic assessments to evaluate ongoing conformance with the Standards and the Code of Ethics.
57. The self-assessment is undertaken annually with an action plan developed to address any areas for improvement. ([Appendix D](#) refers.)

Statement of Independence (Standard 1110)

58. Standard 1110 requires the chief audit executive to confirm, at least annually, the organisational independence of the internal audit activity.
59. The Internal Audit Charter defines how internal audit independence is established and maintained, which is submitted to the Governance and Audit Committee annually and was recently approved by the Committee on 18 April 2024.
60. Accordingly, the Head of Audit and Risk has taken no part in the undertaking and reporting of audits in areas where a conflict exists in accordance with the Internal Audit Charter.

Challenges and opportunities going forward

61. We continue to play a key role in helping the Council to ensure that its risks are identified and appropriately controlled. This is at the heart of what we do as we examine the effectiveness of the Council's controls in managing its risks.
62. However, assurance requirements are fluid and constantly evolving, meaning internal audit must keep up with the pace of change to be able to stay relevant and provide assurance on areas such as climate change, cyber security and evolving financial risks.
63. Demonstrating stewardship of public funds, building and maintaining public trust and confidence in decision making and delivering a sustainable future for taxpayers and service users are fundamental expectations of all those working within the public services. Internal audit can contribute to this complex web of expectations, obligations, ambitions and challenges by providing support in a unique and independent way.
64. Achieving this requires trained internal auditors supported by modern approaches and professional standards. It needs both capacity and capability.
65. Vacancies have created a challenge to ensuring there are sufficiently experienced auditors to complete more complex work, as well as to provide coaching and support to new members of staff.
66. However, an enthusiastic and dedicated team places internal audit in a good position to ensure delivery of its strategy and continue to support the Council as a key component of its governance structure.

Appendix A: Definition of Assurance Ratings 2023-24

Level of Assurance	Definition
Substantial Assurance	<p>Arrangements for governance, risk management and internal control are good.</p> <p>We found no significant or material Risks/Issues.</p>
Reasonable Assurance	<p>Arrangements for governance, risk management and/or internal control are reasonable.</p> <p>There are minor weaknesses in the management of risks and/or controls but there are no risks to the achievement of objectives. Management and Heads of Service can address.</p>
Limited Assurance	<p>Arrangements for governance, risk management and internal control are limited.</p> <p>There are significant weaknesses in the management of risks and/or controls that put the achievement of objectives at risk. Heads of Service need to resolve and SLT may need to be informed.</p>
No Assurance	<p>Arrangements for governance, risk management and internal control are significantly flawed.</p> <p>There are fundamental weaknesses in the management of risks and/or controls that will lead to a failure to achieve objectives. The immediate attention of SLT is required, with possible Executive intervention.</p>

Appendix B – Assurance Map (Third Line) - Red and Amber Residual Risks in the Strategic Risk Register 2023-24

Risk Ref	Risk	Inherent Risk Priority	Residual Risk Priority	Created Date	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21	Audit Year 2021/22	Audit Year 2022/23	Audit Year 2023/24
YM1	The risk that a real term reduction in Council funding will lead to a reduction in statutory services	5:5 25	4:5 20	14/05/19 12/01/22		Financial Resilience (April 2020)			Financial Resilience (November 2022)	
YM2	The risk that the Council is unable to recruit, retain and develop suitable staff, or that the staffing structure is not suitable	4:5 20	4:4 16	20/06/18 12/01/22	Recruitment & Retention (March 2019)				Recruitment & Retention (June 2022)	
YM3	The risk that IT failure significantly disrupts service delivery	5:5 25	4:4 16	21/06/18 10/09/18 12/01/22	IT Audit - Cyber Security (February 2019)	IT Audit - IT Resilience (April 2020)	IT Audit - IT Resilience (Follow Up) (May 2021)	IT Audit - Software Licence Management (January 2022)	IT Audit - Cloud Computing (March 2023)	IT Supplier Management (March 2024) Draft Report
							IT Audit - IT Service Continuity (Phishing) (April 2021)		IT Audit - IT Service Continuity (Phishing) (Follow Up) (September 2022)	Corporate Access Management (Key Risks) (March 2024)
									IT Vulnerability Management (September 2022)	
								IT Vulnerability Management (January 2023)		

Risk Ref	Risk	Inherent Risk Priority	Residual Risk Priority	Created Date	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21	Audit Year 2021/22	Audit Year 2022/23	Audit Year 2023/24
YM5	The risk of failing to implement national changes to the education system and meet the educational challenges of the future	4:5 20	4:4 16	20/06/18 12/01/22						Modernising Learning Communities Programme (August 2023)
YM7	The risk that the Council is not resilient enough to be able to provide services in light of external changes	4:4 16	3:4 12	20/06/18 12/01/22		Managing the Risks of Brexit (January 2020) Business Continuity (February 2020)	Review of COVID-19 Emergency Response (April 2020)	COVID-19 Emergency Management Assurance (May 2021)		Organisational Resilience (November 2023)
YM9	The risk of a lack of suitable housing that local residents can afford in their communities	4:5 20	4:5 20	12/01/22					The Council's arrangements for the provision of suitable housing (June 2022)	
YM10	The risk that a serious safeguarding error leads or contributes to serious harm to the vulnerable individuals the Council is responsible for	5:4 20	4:2 8	20/06/18 12/01/22	Deprivation of Liberty Safeguards (June 2018)		Corporate Parenting Panel (January 2021)		Audit commenced March 2023 and rolled forward to 2023-24	Managing Strategic Risk - Safeguarding (YM10) (January 2024)
YM11	The risk that an increase in poverty increases demand on Council services	4:5 20	4:5 20	18/08/20 12/01/22	Welfare Reform (April 2019)				Poverty (March 2023)	

Risk Ref	Risk	Inherent Risk Priority	Residual Risk Priority	Created Date	Audit Year 2018/19	Audit Year 2019/20	Audit Year 2020/21	Audit Year 2021/22	Audit Year 2022/23	Audit Year 2023/24
YM13	The risk that climate change affects the Island and that the Council is not a net zero organisation by 2030	4:4 16	4:3 12	12/01/22					Climate Change Health Check (ZM) (September 2022)	
YM14	The risk that the Council's physical assets will not be suitable or meet the future needs of residents, businesses and visitors	5:5 25	4:4 16	12/01/22				Investment In Assets (November 2021)		Asset Management (WIP)
YM16	The risk that the Council is unable to manage change effectively which limits its ability to modernise and deliver sustainable, effective and efficient services	4:5 20	3:4 12	11/07/23 02/01/24						

Appendix C: Third Line Assurance – Other Internal Audit Work in 2023-24

Title of Audit	Date of Final Report	Assurance Level	Critical	Major	Moderate
IT Service Continuity (Phishing) (second follow up)	May 2023	Reasonable	0	0	0
Fuel Cards	June 2023	Reasonable	0	0	6
IT Software Licence Management (first follow up)	June 2023	Reasonable	0	1	1
North Anglesey Regeneration Grant (Investigation)	August 2023	n/a	n/a	n/a	n/a
Council Tax, NNDR and Sundry Debt Recovery	September 2023	Limited	0	3	5
Managing the Risk of Housing Tenancy Fraud	September 2023	Reasonable	0	1	4
Local Government Pension Scheme	November 2023	Reasonable	0	0	2
Grass Cutting Contract Overpayment (Investigation)	November 2023	n/a	n/a	n/a	n/a
Teachers' Pensions (first follow up)	November 2023	Reasonable	0	1	1
Payroll Starters	January 2024	Reasonable	0	0	4
Housing Waste Management (Investigation)	January 2024	n/a	0	0	1
Risk Management Health Check (Zurich)	January 2024	n/a	0	0	0
Galw Gofal (Partnership Governance Arrangements) (first follow up)	March 2024	Reasonable	0	0	1
Council Tax, NNDR and Sundry Debt Recovery (first follow up)	March 2024	Limited	0	3	4
		14	0	9	29

Appendix D: Public Sector Internal Audit Standards Annual Self-assessment Action Plan

Ref No.	PSIAS Standards and IPPF	Improvement Area	Responsible Officer	Progress Update – 2023-24
1.	1311 – Internal Assessments	<p>PSIAS Standard 1311 requires internal assessments to be carried out as part of the Quality Assurance and Improvement Programme (QAIP) which includes:</p> <ul style="list-style-type: none"> • Ongoing monitoring of the performance of the internal activity. • Periodic self-assessment or assessments by other persons within the organisation with sufficient knowledge of internal audit practices. <p>Whilst monitoring of the performance of the internal audit activity takes place, periodic self-assessments should be formally evidenced using the PSIAS self-assessment template. The results of the self-assessment should be reported to the Governance & Audit Committee alongside any action plans to address identified areas for improvement.</p>	Head of Audit and Risk	<p>Addressed</p> <p>A self-assessment exercise was undertaken during 2023-24 using the PSIAS self-assessment template. The results and improvement areas are reported to the Governance and Audit Committee as part of this report.</p>
2.	1000 - Purpose, Authority and Responsibility	<p>The PSIAS self-assessment template confirms the requirement for the Internal Audit Charter to define the term ‘Board’, stating “it is expected that the audit committee will fulfil the role of the board in the majority of instances”.</p> <p>Whilst the Head of Audit & Risk (HA&R) has a functional reporting line to the Governance & Audit Committee, the Internal Audit Charter currently defines the ‘Board’ as the ‘Executive.’ Internal Audit Charter therefore to be updated to reflect the functional reporting line, with the ‘Board’ i.e. the Governance and Audit Committee.</p>	Head of Audit and Risk	<p>Addressed</p> <p>The IA Charter has been updated to define the ‘Board’ as the Governance and Audit Committee. It was approved by the Committee at its meeting on 18 April 2024.</p>
3.	1111 - Direct Interaction with the Board	<p>The Governance and Audit Committee terms of reference refer to scope for an annual private meeting between the HA&R and the Governance & Audit Committee, however these private sessions do not currently take place.</p> <p>Whilst this is not a requirement of PSIAS and is not referred to in the LGAN, the IPPF Implementation Guide for Standard 1111 suggests an annual private meeting is held between the Governance & Audit Committee and the Chief Audit Executive (CAE) without Senior Management present. This would provide an opportunity to communicate sensitive matters or issues facing the internal audit function or the organisation. Discussion with the Chair of the Governance and Audit Committee as part of the external assessment process indicated there is appetite for an annual private meeting.</p>	Head of Audit and Risk	<p>Addressed</p> <p>A private meeting between internal and external audit, and the Governance and Audit Committee, without officers present, took place following the meeting of 18 April 2024. Provision for this meeting to be conducted annually was agreed.</p>

Ref No.	PSIAS Standards and IPPF	Improvement Area	Responsible Officer	Progress Update - 2023-24
4.	1110 – Organisational Independence	<p>PSIAS Standard 1110 requires the CAE to confirm to the Board, at least annually, the organisational independence of the internal audit activity.</p> <p>Whilst the Internal Audit Charter defines how internal audit independence is established and maintained, there is also a requirement for the CAE to confirm organisational independence to the board, at least annually. Whilst PSIAS and the LGAN do not specifically state that this should be confirmed in the internal audit annual report, this would be best practice and consistent with the way in which other local authorities provide confirmation of their organisational independence.</p>	Head of Audit and Risk	<p>Addressed</p> <p>Statement of Independence included in the Annual Internal Audit Report 2022-23 and 2023-24.</p>
5.	2050 - Coordination and Reliance	<p>PSIAS Standard 2050 confirms the requirement for the risk-based plan to include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources.</p> <p>Whilst current processes for developing the risk based internal audit plan comply with PSIAS, the completion of an assurance map would ensure greater visibility of any assurance gaps or any areas of over assurance.</p> <p>An assurance map is being developed. Internal Audit has populated the third line assurance, and the assurance map is currently with the Performance Team to allow the first- and second-line assurances to be populated.</p>	Head of Audit and Risk / Risk and Insurance Manager / Service Business Managers	<p>On-going</p> <p>The recent upgrade of the 4Risk system is complete. The Risk and Insurance Manager has met with Business Managers to advise on adding assurances. Work is therefore ongoing to add / embed first- and second-line assurance entry. Internal Audit is currently monitoring this.</p>