

Internal Audit and Counter Fraud Quarter 1 Progress Report 2018/19

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1. Summary of Completed Audits

Surplus Assets

- 1.1 The Council has two categories of surplus assets:
- Temporary surplus: properties which are required for future operational need; and
 - Permanent surplus: properties that are surplus to requirements by the current service user, are not required by any other service and, following regular review, there is no future need/requirement for that asset.
- 1.2 A surplus asset may exceed the Councils' requirements when:
- No longer needed by the service;
 - No longer suitable;
 - Damaged; and/or
 - Beyond repair.

In January 2018 a reclassification of surplus properties took place and the number of properties that were formally considered to be surplus was reduced to 45.

- 1.3 The overall objective of the audit was to assess and to provide assurance on the adequacy and effectiveness of the internal controls over the management of surplus assets.
- 1.4 We were able to provide an overall opinion of **partial assurance** in respect of the internal control environment. The audit identified that whilst the ultimate decision on what to do with individual assets is a corporate one, services are often reluctant to release surplus assets. As a result, decision-making can become protracted, increasing the risk of mounting maintenance, security, health and safety and utility costs. As these costs are borne by Property Services and not the client service, there is no incentive for the latter to arrive at timely decisions.
- 1.5 We also found a number of properties had been vacant for long periods: there were examples of properties being vacant for over 12 years. In addition, no evidence was found to indicate that a standard risk assessment document was used to review newly vacated properties to identify hazards, and communications between the Insurance Team and Property Services had been dormant for some time until our audit.
- 1.6 In response to these issues, a range of improvement actions have been agreed with management as part of a formal action plan and this will be subject to a follow up review by Internal Audit in due course.

Liquidlogic Systems Implementation in Adult Social Care

- 1.7 Liquidlogic Adults System (LAS) and ContrOcc are the Council’s Adult Social Care systems. Information held in LAS is a key tool to facilitate the delivery of ASC services to Surrey residents, while ContrOcc is used to record financial assessments and related information. LAS and ContrOcc went live county-wide on 27th September 2016, with training to officers both pre and post system implementation supported by various guidance documents to enable the effective use of the systems.
- 1.8 Our review was originally requested by the ASC management to obtain assurance on the compliance of officers with the new processes and system controls after it had time to sufficiently embed.
- 1.9 We were able to provide a **reasonable assurance** opinion following our review. We established that overall the introduction of mandatory fields and the guidance documents, including training, prior to the system implementation is having the desired impact on improving data quality and meeting the requirements of the Care Act 2014.
- 1.10 We recommended that the service not only amends the ‘consent to share’ field to become mandatory recording but also that the field appears earlier in the care pathway recording system to ensure consistency of recording at the assessment stage of the care pathway. We also agreed with the service that routine local quality audits should be performed and documented by Team Managers to ensure that non-mandatory fields are appropriately and consistently completed across teams to help maintain data quality.

General Ledger

- 1.11 The audit of the General Ledger forms a part of the annual review of the council’s key financial systems. The purpose of our audit was to provide assurance that key controls are in place and operating as expected. In particular, the scope of this audit was to examine:
- The regularity of control account review and bank reconciliation;
 - Responsibilities for processing journals;
 - The year-end accounts closure procedures;
 - Transactions between feeder systems and SAP;
 - The accurate maintenance of the chart of accounts; and
 - The existence of procedures and guidance around the maintenance of master data.
- 1.12 Following sample testing, we were able to provide a **substantial assurance** opinion. Assurance could be provided to show key controls were in place and operating as expected, and findings from the previous year audit (in respect of material balances remaining on GL codes which required investigation and reconciliation) had been actioned. We agreed three low priority actions with management to improve controls relating to cost centre ownership in SAP;

reconciling the Master Data Policy to current the current organisational structure and clearing unreconciled balance sheet items.

Revenue Budgetary Control

- 1.13 The audit of Revenue Budgetary Control is also an annual audit undertaken during our review of the council's key financial systems. At the time that the audit was being undertaken, net revenue expenditure was forecast to total £872.4m with a projected net overspend of £6.2m.
- 1.14 Our audit focused on a review of key controls, in particular:
- Effective monitoring of expenditure and forecasting of full year expenditure;
 - Accounting for variations against budget;
 - Authorisation and justification for budget virements;
 - Accuracy of reporting of the budget position to Leadership Team and to Cabinet;
 - Clear and effective budget hierarchy and structure; and
 - The existence of clear policy, procedures, guidance and training to stakeholders.
- 1.15 Based on specific sample testing carried out at the time of the audit, we identified that controls were in place as expected, and were working effectively.
- 1.16 Based on our review, we were able to give an opinion of **reasonable assurance** for this system, making a total of 5 recommendations for improvement (1 medium priority, and 4 low priority), noting that whilst review of budgets between service accountants and budget holders is guided by a risk-assessment process, some of the risk ratings and budget holder names were missing or in need of review.

Purchase Cards

- 1.17 The council operates a purchase card scheme that offers the flexibility to make one-off, business-related purchases online or at the point of sale. The use of purchase cards is subject to council policies such as Procurement Standing Orders and Financial Regulations, as well as a specific set of Purchase Card Rules and Guidance. Among other exclusions, these rules prohibit the use of purchase cards for: stationery for office use; IT equipment or consumables for office use; and travel expenses.
- 1.18 In addition to these formal policies and rules above, in August 2016, the Extended Leadership Team (ELT) was asked to consider how best to manage budget pressures, including the reduction or stopping of non-essential spend, such as stationery and refreshments at meetings. Further, in

January 2017, ELT was instructed to immediately stop all stationery orders (apart from photocopier paper and envelopes) until the end of the financial year.

- 1.19 This audit was a completed carry-forward audit from the 2017/18 audit plan. There were around 400 purchase cards in use and, during the 2017/18 financial year, there were over 21,600 transactions with a total value of just over £2million.
- 1.20 Transaction data was analysed to assess both compliance with policies as well as probity and value for money of public funds, specifically to ensure the following:
 - Cards are used in accordance with the Purchase Card Rules, Procurement Standing Orders, and other relevant policies and management instructions;
 - Transactions are properly reviewed by budget holders each month; and
 - Any unusual or unexpected transactions are identified in a timely manner and corrective action taken.
- 1.21 We were able to give a **reasonable assurance** opinion for this review as testing demonstrated that purchase cards have been used for the purposes intended and it is apparent that, on the whole, unexpected transactions had been identified and resolved in a timely manner. Whilst the majority of purchases represented a genuine business need and thus were deemed appropriate, some instances were identified relating to value for money and the necessity of some purchases given the current financial climate and earlier directives from CLT.
- 1.22 As a result of the audit, nine agreed actions for improvement were agreed, seven of medium priority and two of low priority. The key areas for improvement agreed with Business Operations were around better communication of responsibilities to card-holders and their managers and for Buying Solutions to set up an arrangement with a preferred supplier for the purchase of white goods. This is an area that we will continue to monitor as part of future internal audit activity.

Treasury Management

- 1.23 The Treasury Management code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) identifies the following three principles, acknowledging the difficulties between striving for effective risk management and control and pursuing value for money:
 - Ensuring that public bodies put in place the necessary framework to ensure the effective management and control of treasury management activities;
 - That the framework clearly states that responsibility for treasury management lies clearly within the organisation and the strategy clearly states their appetite for risk; and

- That value for money and suitable performance measures should be reflected in the framework.

1.24 The objectives of the audit, which is considered a key financial system and thus audited annually, was to ensure appropriate and effective controls were in place to govern the main functions of treasury management:

- To ensure the security of the principal sums invested;
- To ensure Surrey CC has access to cash resources as and when required;
- To minimise the cost of borrowing required to finance Surrey CC's investment and capital programmes and management of short term cash flows; and
- To maximise investment returns commensurate with Surrey CC's policy of minimising risks to the security of capital and its liquidity position.

1.25 We were able to provide an opinion of **substantial assurance** in this system, with only two low priority actions being agreed (for the provision of treasury management training for Audit and Governance Committee members, and the up to date maintenance of the risk register for this function)

Employee Expenses

1.26 This was a carry-forward audit completed in the quarter one. We reviewed the processes in place through which employees claim expenses, sampling claims from the last financial year to allow substantive testing to be undertaken.

1.27 In the preceding financial year, total expenses paid to staff were £4.9m on travel and mileage expenses, and £187k on out of pocket expenses. An analysis of the expenses profile in the period 2012–17 identified that employee expenses had risen by 70% over the last five years, from £3m to £5.1m.

1.28 The scope of our audit work reviewed:

- Policy, procedure and guidelines, confirming Policy, Procedure and Guidelines existed and were accessible to staff;
- Processing of expense claims, confirming they were made through the formal systems;
- Legitimacy and correctness of claims, confirming that transactions are bona fide;
- Management scrutiny of expenses data, confirming that areas of concern are identified.
- The correctness of out of pocket expense claims made for minor items.
- The security of data, confirming employee information is protected from loss or unauthorised disclosure.

- 1.29 We were only able to provide **partial assurance** over the controls operating within this area, principally because:
- Employees were not always in compliance with the policy in terms of submitting sufficiently detailed claims, providing receipts, and/or claiming their expenses within a reasonable period;
 - Managers were not consistently compliant with policy and are approving expenses without confirming receipts or properly scrutinising mileage claims; and
 - Our testing of all types of expense claims revealed weaknesses and inconsistencies in the way they were processed, reviewed and authorised. It was not possible to verify whether some of the claims tested were legitimate or correct.
- 1.30 Whilst written procedures were found to be adequate, the actual practice adopted by both employees and their managers did not comply with the required processes.
- 1.31 As a result, we agreed five actions with Human Resources & Organisational Development in order to revise the existing policy and to better communicate the requirements of it across the council.
- 1.32 As part of the 2018/19 plan, we are reviewing specific teams/departments across the council in a series of 'cultural compliance' audits to ensure that the financial regulations and procedures are being followed by staff. This will include further testing of employee expenses with the results to be reported to this committee as they are finalised, in accordance with the Reporting and Escalation Policy.

Information Governance Compliance in Schools

- 1.33 This audit was triggered by previous incidents that Internal Audit had become involved with in 2017/18 concerning the security of personal data held by schools. In particular, where staff were working from home and unencrypted memory sticks had been used to copy personal data and transport it for use at home.
- 1.34 The purpose of the audit was therefore to provide assurance that controls were in place to meet the following objectives:
- Maintained schools have controls in place and are operating as expected to comply with the existing Data Protection Act, concentrating on the storage and handling of personal data in electronic and paper form; and
 - Appropriate progress is being made by schools in preparation for GDPR.

- 1.35 We visited a sample of 12 schools of varying size, all of which demonstrated awareness of data protection issues; however there was an overreliance on IT providers setting up appropriate security arrangements on issues including encryption of devices, remote access to networks and use of Office365 mail on personal devices. The data security implications of the arrangements were not well understood in a number of schools.
- 1.36 Most schools we visited asked for more detailed guidance, with practical examples, to assist them in meeting existing requirements and those of the GDPR. As part of the agreed actions from this audit, regular guidance to all schools on GDPR matters will be provided through the Education Newsletter issued by Legal Services.
- 1.37 We identified that some schools were over reliant for security of data on restricted physical access to school buildings and individual offices, together with trust in their staff. Whilst these help keep data secure they would not alone meet the requirements of the DPA or prevent reputational damage in the event of data loss.
- 1.38 In conclusion, we were able to give an overall opinion of **reasonable assurance** for this area.

Unaccompanied Asylum Seeking Children Follow-up

- 1.39 The 2017/18 audit of Unaccompanied Asylum Seeking Children (UASC) Audit report was issued in September 2017 with an opinion of Reasonable Assurance. The report raised three recommendations; one high priority, one medium priority and one low priority. As a result of the high priority finding, a follow up audit was included in the 2018/19 audit plan to review progress to date towards implementing these recommendations.
- 1.40 We were only able to issue a **partial assurance** opinion following this review. Whilst two of the three agreed actions had been fully implemented, the high priority action (around the timeliness of initial health assessments for this cohort of children) had only been partially implemented and remained ineffective. Our testing of UASC who have come into SCC care since September 2017 (a cohort of 25 children), identified that only four initial health assessments were completed within the statutory period of 20 working days. Furthermore at the time of this audit, ten UASC had still not received an initial health assessment.
- 1.41 Given that this is a known issue as referenced by the recent Ofsted, as well as in the original audit report, we plan to undertake a further separate audit to look at the initial health assessment processes across all of Children's Services. This will be reported on in quarter two.

Other Audit Work

- 1.42 During the first quarter we were commissioned by the Chief Executive to undertake a process and controls review of care assessments within Children’s and Adult’s Directorates. This is a significant piece of work, running into quarter two, and has arisen after concerns were raised about the current systems used for assessing and approving care packages, and accurately forecasting future costs.
- 1.43 The audit assurance work is focused on four key areas for both Adult’s and Children’s services:
 - Care needs assessment and approval of packages of care;
 - Commissioning and procurement of care;
 - Cost identification, forecasting, financial monitoring and reporting; and
 - Review of care packages.
- 1.44 Whilst this work has initially focussed on Children’s Services and is continuing, it is apparent that a range of fundamental control weaknesses exist in this area, which require urgent and immediate action to resolve. These have been discussed with management and it is clear that resources are already being invested in implementing new systems and processes. The Internal Audit Service will therefore focus its efforts on working with management to provide advice, support and challenge to ongoing process redesign, which is intended to create fit-for-purpose systems that hold complete and accurate caseload data and financial information, together with processes that are appropriately controlled and governed. Periodic updates on this work will be provided as it progresses.
- 1.45 An exercise to undertake a similar review within Adult Social Care is currently underway.

2. Counter Fraud and Investigation Activities

Proactive Counter Fraud Work

- 2.1 Following the establishment of the Orbis Counter Fraud Team in April 2018, focus in the first quarter has been on aligning investigative practices and procedures to ensure a consistent approach is adopted across the Orbis partnership in line with best practice and relevant guidance. Quarter 2 will see the implementation of an integrated Fighting Fraud Plan across Orbis partners that will strengthen our ability to prevent and detect fraud.
- 2.2 A report to outline the proactive work being undertaken to detect and prevent fraud, fraud risk assessment and the Counter Fraud Strategy will be brought to the Audit & Governance in December 2018.

Summary of Completed Investigations

Car User Lump Sum review

- 2.3 A referral was made to Internal Audit in the period relating to a senior member of staff who had failed to follow proper policy and procedures when claiming a car user lump sum payment. The initial referral was in respect of a claim for 2017/18 year, but subsequent review identified potential non-compliance relating to earlier years and also for other staff in the organisation.
- 2.4 Whilst there is no suggestion that the officer concerned was not entitled to the payments received, key controls had clearly been bypassed. The officer concerned was reprimanded for their actions and the process for claiming these allowances is currently being reviewed to help avoid future repetition.

Falsification of Signature

- 2.5 We concluded work on the investigation of an officer who had been suspended from work following the identification of apparent falsification/forgery of colleague's signatures on council documents.
- 2.6 Whilst the investigation was not able to definitively identify who signed the documents in question, there was sufficient evidence to conclude that the suspended officer's work fell short of the standards expected in this role.
- 2.7 A disciplinary hearing was convened, but ahead of it the officer resigned with immediate effect.

Support Given to Employee Conduct Investigation

- 2.8 We provided support and advice to management during their investigation of a case of misconduct by a member of staff who had defaced council records.
- 2.9 Internal Audit support was given through interview and analysis of hand-writing samples from officers. Shortly after this exercise an apology and admission of guilt was received from one of the officers. A disciplinary meeting was held and an appropriate conclusion reached.

Support Given to Whistleblowing investigation

- 2.10 We provided support and guidance to management in investigating a whistleblowing allegation, naming an officer who was alleged to be leaving work early and not working their full hours.

2.11 Together with HR, Internal Audit worked with the service to help coordinate the investigation and to assess the evidence gathered. It was concluded that there was no case of misconduct to answer.

3. Action Tracking

3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 97% of high priority actions due had been implemented. We have received assurance from management that the one outstanding action – relating to SEND2020 – will be completed in quarter two. Progress on this will continue to be monitored by Internal Audit.

4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the Internal Audit plan for the year remains under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews have been added to the audit plan during the year:

- Car User Lump Sum Allowance systems review
- ASC & CFL Care Assessments – Internal Control Review
- Highways Contract (Lot 5) follow-up
- Orbis Customer Access Portal

4.2 Through the same process, audits could either be removed or deferred from the audit plan and, where appropriate, considered for inclusion in the 2019/20 plan as part of the overall risk assessment completed during the annual audit planning process. To date, no audits have formally been removed from the plan, with new additions being resourced from our contingency budget.

5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set up agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan	By end April	G	Approved by Audit Committee on

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
	agreed by Audit Committee			12 April 2018
	Annual Audit Report and Opinion	By end July	G	2018/19 Annual Report and Opinion approved by Audit Committee on 26 July 2018
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	23.3% completed to draft report stage by end of Q1 (against a Q1 target of 22.5%)
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	January 2018 – External assessment by the South West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	97%
Our staff	Professionally Qualified/Accredited	80%	G	85% ¹

¹ Includes 1 part-qualified staff

Audit Opinions and Definitions

Opinion	Definition
<p>Substantial Assurance</p>	<p>Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.</p>
<p>Reasonable Assurance</p>	<p>Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.</p>
<p>Partial Assurance</p>	<p>There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.</p>
<p>Minimal Assurance</p>	<p>Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.</p>

INTERNAL AUDIT CHARTER

1. Introduction

This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be Corporate Management Team (CMT) and the board will be the Audit, Best Value and Community Services Scrutiny Committee (ABVCSSC) (described generically in this Charter as the Audit Committee).

The Charter shall be reviewed annually and approved by CMT and the Audit Committee. The Chief Internal Auditor is responsible for applying this Charter and keeping it up to date.

2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “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.”

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council’s vision, priorities and values.

3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain 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.

These regulations require any officer or Member of the Council to:

- make available such documents and records; and
- supply such information and explanations;

as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Council’s Financial Regulations.

In addition, the Council's S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

4. Internal Audit Responsibilities and Scope

Annually the Chief Internal Auditor is required to provide to the Audit Committee an overall opinion on the Council’s internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Council’s operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focused.

Internal audit activity will include an evaluation of the effectiveness of the organisation’s risk management arrangements and risk exposures relating to:

- Achievement of the organisation’s strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts

5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Internal Auditor has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance.

This independence is further safeguarded by ensuring that the Chief Internal Auditor's formal appraisal/performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chairman of the Audit Committee have the opportunity to contribute to this performance review.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

6. Appointment and Removal of the Chief Internal Auditor

The role of Chief Internal Auditor is a shared appointment across the 3 Orbis partner authorities (East Sussex County Council, Surrey County Council and Brighton & Hove City Council).

In order to ensure organisational independence is achieved, all decisions regarding the appointment and removal of the Chief Internal Auditor will be made following appropriate consultation with Member representatives from each of the authorities' audit committees.

7. Reporting Lines

Regardless of line management arrangements, the Chief Internal Auditor has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Audit Committee Chairman; the Leader of the Council and the Council's External Auditor.

The Audit Committee will receive reports on a periodic basis – as agreed with the Chairman of the Audit Committee – on the results of audit activity and details of Internal Audit performance including progress on delivering the audit plan.

8. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will however be alert in all its work to risks and exposures that could allow fraud or corruption and will

investigate allegations of fraud and corruption in line with the Council’s Anti-Fraud and Corruption Strategy.

The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud.

9. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Audit Committee.

In order to help services to develop greater understanding of audit work and have a point of contact in relation to any support they may need, Internal Audit has put in place a set of service liaison arrangements that provide a specific named contact for each service; and, regular liaison meetings. The arrangements also enable Internal Audit to keep in touch with key developments within services that may impact on its work.

10. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit Committee. The Chief Internal Auditor is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Chief Internal Auditor is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Chief Internal Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

11. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;
- The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and
- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

12. Quality Assurance

The Chief Internal Auditor will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the council's Annual Governance Statement.

February 2018