

London Borough of Brent

Internal Audit Performance External Quality Assessment

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Introduction

The Public Sector Internal Audit Standards (PSIAS) require an external quality assessment be undertaken at least every five years. The PSIAS apply to all public sector internal audit service providers, whether in-house, shared services or outsourced.

Standard 1312 states:

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

Across London, the London Audit Group has organised a system of independent externally validated self-assessments. It was agreed that self-assessments against the standards, and where appropriate the Chartered Institute of Public Finance and Accountancy (CIPFA) Local Government Application Note (LGAN) will be completed, and that these will be externally validated by suitably qualified individuals or teams from other members of the London Audit Group.

This review of internal audit's performance at the London Borough of Brent has been led by Caroline Glitre who is the Head of Internal Audit for the London Borough of Barnet and is appropriately qualified, independent and has no actual or perceived conflicts of interest. The terms of reference for this assessment were discussed and agreed at the Council's Audit and Standards Advisory Committee on 1st August 2022.

Conclusion

Overall, the internal audit service at the London Borough of Brent is a well led, professional and respected service that adds value and provides evidence based, reliable assurance over the Council's governance, risk management and internal controls.

Based on the self-assessment, supporting evidence and independent validation it is the view of the lead assessor that the internal audit service for the London Borough of Brent **generally conforms with the Public Sector Internal Audit Standards**. Definitions of all the ratings are detailed in Appendix A.

Generally Conforms

The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements in all material respects.

Stakeholder Survey

During this assessment a survey of key stakeholders was undertaken. 25 survey responses were received. In summary the survey results were positive and have revealed the following:

- The service is delivered with professionalism and integrity.
- Issues/concerns are raised at the right level.
- Internal Audit has the necessary resources.
- Internal Audit is adept at communicating its work.
- The service has a positive impact on governance, risk management and control.
- Internal Audit asks challenging and incisive questions.
- The service appropriately promotes ethics and values.

Of a total of 475 responses to questions (25 responses to 19 questions), there were:

Fully agree	170	36%
Generally agree	195	41%
Partially agree	106	22%
Do not agree	4	1%
Total	475	100%

The four 'Do not agree' responses related to the following themes / questions:

Impact on Organisational Delivery

- The internal audit service responds quickly to changes within the organisation (x2)
- There have not been any significant control breakdowns or surprises in areas that have been positively assured by the internal audit service (x1)

Impact on Governance, Risk and Control

- Internal audit advice is insightful, proactive and future-focused (x1)

The highest scoring theme was Standing and Reputation of Internal Audit (80% either Fully or Generally agree).

	Fully agree	Generally agree	Partially agree	Do not agree
Standing and reputation of Internal Audit	51%	29%	20%	0%
Impact on Organisational Delivery	26%	48%	24%	2%
Impact on Governance, Risk and Control	33%	44%	23%	0%

The full results of the survey are shown at Appendix B.

In addition to the survey, we interviewed a series of key stakeholders:

- Chief Executive
- Corporate Director Governance
- Corporate Director Finance and Resources (S151)
- Corporate Director Resident Services
- Corporate Director Adult Social Care and Health
- Independent Chair to the Audit and Standards Advisory Committee
- Vice Chair to the Audit and Standards Advisory Committee
- Independent Adviser to the Audit and Standards Advisory Committee

The feedback from the stakeholders was very positive. Internal Audit was described as follows:

- A valuable critical friend.
- A well respected, flexible service that is more regularly being asked to support in an advisory capacity.
- Services generally feel supported not policed.
- High challenge, high support model.
- The link to risks has recently been much enhanced.
- Quarterly attendance at Directorate SMTs is valued.

In terms of areas for improvement, the survey and interviews indicate that internal audit could:

- 'Blow their own trumpets' more i.e. their reports could have a mechanism to feedback their valuable insights across the Council.
- Explain better to new auditees what is involved in an audit e.g. why being audited, how much time it will consume and what the expectations of the team are.

Areas of Good Practice

The assessment has identified some areas of notable good practice, for example:

- The independence of the Head of Internal Audit (HIA) role is strengthened by the rotation of line management arrangements; the HIA previously reported to the Council's Monitoring Officer (Director of Legal, Human Resources, Audit and Investigations) up to 31 August 2022. Following a Council-wide reorganisation, since 1 September 2022 the HIA reports into the Corporate Director for Finance and Resources.

- The Audit and Standards Advisory Committee have appointed an Independent Adviser who provides additional challenge based on a wide-range of relevant experience across different sectors.
- The Chief Executive regularly attends the Audit and Standards Advisory Committee and stated that she finds this helpful.
- The review of evidence supporting this year's self-assessment has confirmed that all improvement areas noted in the 2018 EQA have all been implemented and continue to be in place.
- The HIA attends Directorate Management Teams (DMTs) on a quarterly basis which has improved engagement, the understanding of risks and the Internal Audit team's understanding of activity in each Directorate.
- The Audit Plan is in a simple format and is clearly linked to the Council's strategic risks.

Areas for Improvement

The assessment has identified some areas for improvement which includes the following:

- 1000 and 1112 - The Council's Risk Management Policy Statement and Strategy (June 2017) should be reviewed and updated.
- As part of this review, consideration could be given to setting up an informal risk forum involving Internal Audit, Business Continuity, Emergency Planning, Health & Safety etc, bringing information and intelligence together before the next round of risk register reviews.
- 1000 - The Charter should be updated to reflect the rotation of the line management of the HIA, to preserve this additional safeguard to independence in the future.
- 1220 – The Audit Manual states that a Terms of Reference (ToR) will be agreed for any Consultancy arrangements. This is not always the case in practice; if it is not always practicable or proportionate then the Audit Manual should be updated to reflect this and to make it clearer which types of advisory reviews are likely to require a ToR and separate reporting. If a consultancy review will use a significant number of audit days, resulting in a planned audit being deferred to the following year, the ToR for the consultancy engagement should be shared with the Chair of the Audit and Standards Advisory Committee. The reporting of outcomes of Consultancy work to the Audit and Standards Committee could be improved e.g. whether a ToR was agreed; how many days were spent on the work; what proportion of audit days was in fact spent on consultancy work during the year.
- 1300 and 1320 - Quality and Improvement Programme outcomes need to be explicitly included in the Annual Report. For example, it doesn't

state the areas of improvement that were identified by the self-assessment. To note that these were fairly minor; but there was no statement to make it clear that there are no issues to bring to the attention of the Committee.

- 1311 – Feedback surveys should state which audit the feedback relates to. This would enable easier linkages to individual auditor performance reviews.
- 1311 – Consider RAG rating the KPI performance for Internal Audit activity. There are targets but it's not clear whether missing that target is considered a failure. What level of performance is acceptable?
- 2010 and 2050 – As identified in the self-assessment and resultant action plan and the service's 3 year strategy, there is no Assurance map that documents the three lines of defence across service areas. This is something to consider developing, although for it not to become obsolete quickly it would need to be a simple document that is relatively high level.
- 2120 - Once the new Risk Management Policy is in place, Internal Audit should consider reviewing compliance with the policy to be able to clearly provide independent validation of the overall corporate risk management arrangements.

Outcome of the file reviews

A sample of audit files were reviewed in detail to provide assurance that the requirements of the PSIAS are being met. The following files were reviewed:

- Planning 2020/21
- Homecare 2021/22
- First Wave Housing Ltd (FWH) and i4B Holdings - Health & Safety 2022/23
- Byron Court School 2022/23

The file reviews showed that whilst the manual is broadly complied with, the retention of evidence and file structures make it difficult to gain assurance that all elements of the process as defined in the manual have been followed.

- 2200 – When planning an engagement, notes of discussions were not always retained on file, other than the draft iterations of the Terms of Reference. It was therefore not always possible to see what had been considered but ultimately excluded from the scope of the review.
- 2240 - In some cases, not all documentation was readily available due to having been held within emails from team members who are no longer at Brent. To improve this, we would recommend:
 - 2330 - The introduction of a checklist for each audit that acts as a virtual 'cover sheet'. This would document the steps in the review and

ensure that each can be clearly signed off to ensure all tasks have been completed and appropriate evidence saved centrally.

- 2340 and 2410 - A set file format which all assignments must conform to. This should contain the necessary iterations of draft reports and all relevant key correspondence to ensure an audit trail is in place, including evidence of supervision and discussion with management.

Although not a requirement of the PSIAS, the service may also wish to consider:

- Mandating officer attendance at Audit and Standards Advisory Committee for critical audit findings (not just if follow-up confirms that actions have not been implemented).
- Reporting 'slippage' against audit actions which makes it clearer when previously agreed dates have been missed on multiple occasions.
- Updating the Audit Manual to reflect the Schools Audit Programme template.

A summary of the outcomes of this assessment follows. An action plan has been developed with the Head of Internal Audit and Investigations to address these areas and is included as Appendix C. Progress/completion of this action plan should be reported to senior management and the Audit and Standards Committee.

Summary Assessment

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
1	Mission of Internal Audit			
	Does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS?	✓		
2	Definition of Internal Auditing			
	Is the internal audit activity independent and objective?	✓		
	Does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓		
3	Core Principles			
	Does the internal audit activity conform with the PSIAS by demonstrating integrity?	✓		
	Does the internal audit activity conform with the PSIAS by demonstrating competence and due professional care?	✓		
	Does the internal audit activity fully conform with the PSIAS by being objective and free from undue influence (independent)?	✓		
	Does the internal audit activity fully conform with the PSIAS by being aligned with the strategies, objectives, and risks of the organisation?	✓		
	Is the internal audit activity appropriately positioned and adequately resourced?	✓		
	Does the internal audit activity demonstrate quality and continuous improvement?	✓		
	Does the internal audit activity communicate effectively?	✓		
	Does the internal audit activity provide risk-based assurance, based on adequate risk assessment?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Is the internal audit activity insightful, proactive, and future-focused?	✓		
	Does the internal audit activity promote organisational improvement?	✓		
4	Code of Ethics			
	Do internal auditors display integrity?	✓		
	Do internal auditors display objectivity?	✓		
	Do internal auditors display due respect and care by maintaining confidentiality?	✓		
	Do internal auditors display competency?	✓		
	Do internal auditors, whether consciously or through conformance with organisational procedures and norms, have due regard to the Committee on Standards of Public Life's <i>Seven Principles of Public Life</i> ?	✓		
5	Attribute Standards			
1000	Purpose, Authority and Responsibility			
	Does the internal audit charter conform with the PSIAS by including a formal definition of the purpose, authority and responsibility of the internal audit activity?	✓		
	Does the internal audit charter conform with the PSIAS by clearly and appropriately defining the terms 'board' and 'senior management' for the purposes of the internal audit activity?	✓		
	Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?	✓		
1100	Independence and Objectivity			
	Does the CAE have direct and unrestricted access to senior management and the board?	✓		
	Are threats to objectivity identified and managed.	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
1110	Organisational Independence			
	Does the CAE report to an organisational level equal or higher to the corporate management team? Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓		
	Does the CAE's position in the management structure: Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓		
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?	✓		
	Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?	✓		
1111	Direct Interaction with the Board			
	Does the CAE communicate and interact directly with the board?	✓		
1112	Chief Audit Executive Roles Beyond Internal Auditing			
	Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity? Does the board periodically review these safeguards?	✓		
1120	Individual Objectivity			
	Do internal auditors have an impartial, unbiased attitude?	✓		
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓		
1130	Impairment to Independence or Objectivity			
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Does review indicate that work allocations have operated so that internal auditors have not assessed specific operations for which they have been responsible within the previous year?	✓		
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	✓		
	Is the risk of over-familiarity or complacency managed effectively?	✓		
	Have internal auditors declared interests in accordance with organisational requirements?	✓		
	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties has this been declared and investigated fully?	✓		
	Does review indicate that no instances have been identified where an internal auditor has used information obtained during the course of duties for personal gain?	✓		
	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓		
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	✓		
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	✓		
1200	Proficiency and Due Professional Care			
1210	Proficiency			
	Does the CAE hold a professional qualification, such as CMAA/CCAB or equivalent? Is the CAE suitably experienced?	✓		
	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓		
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓		
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓		
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓		
1220	Due Professional Care			
	Do internal auditors exercise due professional care?	✓		
	Do internal auditors exercise due professional care during a consulting engagement?	✓		
1230	Continuing Professional Development			
	Has the CAE defined the skills and competencies for each level of auditor? Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓		
	Do internal auditors undertake a programme of continuing professional development?	✓		
1300	Quality Assurance and Improvement Programme			
	Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓		
1310	Requirements of the Quality Assurance and Improvement Programme			
	Does the QAIP include both internal and external assessments?	✓		
1311	Internal Assessments			
	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Do internal assessments include ongoing monitoring of the internal audit activity?	✓		
	Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets?	✓		
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?	✓		
	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓		
1312	External Assessments			
	Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?	✓		
	Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board?	✓		
	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?	✓		
1320	Reporting on the Quality Assurance and Improvement Programme			
	Has the CAE reported the results of the QAIP to senior management and the board?	✓		
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓		
1321	Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'			
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓		
1322	Disclosure of Non-conformance			
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓		
6	Performance Standards			
2000	Managing the Internal Audit Activity			
2010	Planning			
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓		
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓		
	Does the risk-based plan set out the: Audit work to be carried out?	✓		
	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓		
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓		
	In developing the risk-based plan, has the CAE also given sufficient consideration to: Any declarations of interest (for the avoidance for conflicts of interest)? The requirement to use specialists, eg IT or contract and procurement auditors? Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓		
	In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes?	✓		
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓		
2020	Communication and Approval			

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval? Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓		
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓		
2030	Resource Management			
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓		
	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?	✓		
	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board?	✓		
2040	Policies and Procedures			
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓		
2050	Coordination			
	Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓		
2060	Reporting to Senior Management and the Board			
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓		
2070	External Service Provider and Organisational Responsibility for Internal Auditing			
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
2100	Nature of work			
2110	Governance			
	Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes?	✓		
	Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities?	✓		
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓		
2120	Risk Management			
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes?	✓		
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems?	✓		
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓		
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓		
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓		
2130	Control			
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems?	✓		
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
2200	Engagement Planning			
	Do internal auditors develop and document a plan for each engagement?	✓		
	Do internal auditors consider the following in planning an engagement, and is this documented: objectives, controls, risks, resources, operations, risk mitigation, adequacy, effectiveness, improvements?	✓		
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party?	✓		
	For consulting engagements, have internal auditors established an understanding with the engagement clients	✓		
2210	Engagement Objectives			
	Have objectives been agreed for each engagement?	✓		
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether organisational objectives and goals have been accomplished?	✓		
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓		
	Is the scope that is established for each engagement generally sufficient to satisfy the engagement's objectives?	✓		
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	✓		
	For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?	✓		
2220	Engagement Scope			
	Are established scopes sufficient to satisfy the objectives of the engagement?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Does the scope of the engagement include consideration of relevant systems, records, personnel and physical properties, including those under the control of third parties?	✓		
	If significant consulting opportunities arise during an assurance engagement, is a specific written understanding as to the objectives, scope, respective responsibilities and other expectations reached and the results of the consulting engagement communicated in accordance with consulting standards?	✓		
	In performing consulting engagements, do internal auditors ensure that the scope of the engagement is sufficient to address the agreed-upon objectives?	✓		
	If internal auditors develop reservations about the scope during consulting engagements, are these reservations discussed with the client to determine whether to continue with the engagement?	✓		
	During consulting engagements, do internal auditors address controls consistent with the engagement's objectives and are they alert to significant control issues?	✓		
2230	Engagement Resource Allocation			
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of each engagement	✓		
2240	Engagement Work Programme			
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓		
2310	Identifying Information			
	Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?	✓		
2320	Analysis and Evaluation			
	Have internal auditors generally based their conclusions and engagement results on appropriate analyses and evaluations?	✓		
	Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented: Intentional wrongdoing? Errors and omissions? Poor value for money? Failure to comply with management policy? Conflicts of interest?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
2330	Documenting Information			
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓		
	Does the CAE control access to engagement records?	✓		
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?			
2340	Engagement Supervision			
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓		
2400	Communicating Results			
2410	Criteria for Communicating			
	Do the communications of engagement results include the following: The engagement's objectives? The scope of the engagement? Applicable conclusions? Recommendations and action plans, if appropriate?	✓		
	Do internal auditors generally discuss the contents of the draft final reports with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓		
	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓		
	Subject to confidentiality requirements and other limitations on reporting, do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice?	✓		
	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓		
	Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the risks of doing so been managed effectively, having regard to the CAE's primary responsibility to the management of the organisation for which they are engaged to provide internal audit services?	✓		
2420	Quality of Communications			
	Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?	✓		
2421	Errors and Omissions			
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓		
2430	Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'			
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓		
2431	Engagement Disclosure of Non-conformance			
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? The reason(s) for non-conformance? The impact of non-conformance on the engagement and the engagement results?	✓		
2440	Disseminating Results			
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓		
	Has the CAE communicated engagement results to all appropriate parties?	✓		

Ref	Statement	Generally Conforms	Partially Conforms	Does not Conform
	Before releasing engagement results to parties outside the organisation, did the CAE: Assess the potential risk to the organisation? Consult with senior management and/or legal counsel as appropriate? Control dissemination by restricting the use of the results?	✓		
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓		
2450	Overall Opinion			
	Has the CAE delivered an annual internal audit opinion?	✓		
	Does the communication identify the following: The scope of the opinion, including the time period to which the opinion relates? Any scope limitations? The consideration of all related projects including the reliance on other assurance providers? The risk or control framework or other criteria used as a basis for the overall opinion?	✓		
	Does the annual report incorporate the following: annual opinion, summary of work, qualifications, impairments, comparisons, conformance with PSIAS, results of the QAIP, progress against improvement plans, summary of performance?	✓		
2500	Monitoring Progress			
	Where issues have arisen during the follow-up process (for example, where agreed actions have not been implemented), has the CAE considered revising the internal audit opinion?	✓		
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓		
2600	Communicating the Acceptance of Risks			
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓		

Appendix A – Definitions

Generally Conforms	The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and practice statements within the section or sub-sections. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the Audit Committee.

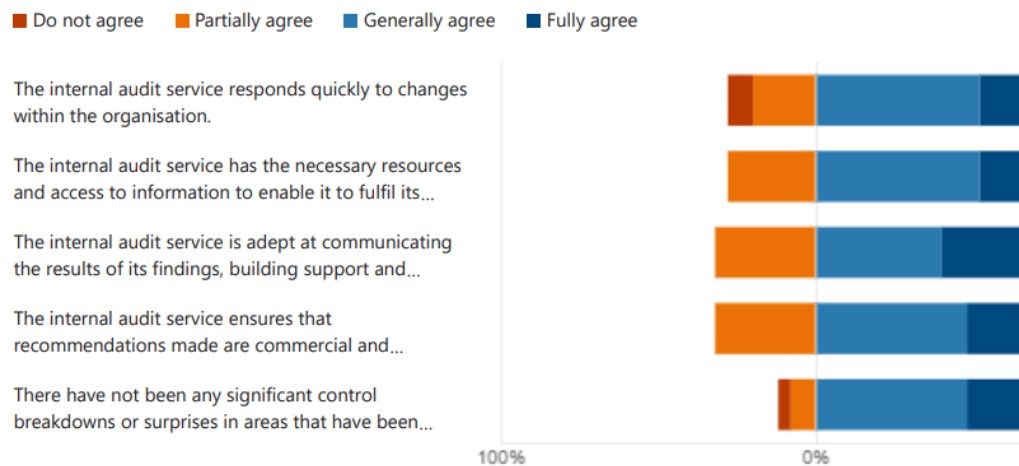
Appendix B – Survey Results

There were 25 responses to this survey.

1. Standing and Reputation of Internal Audit



2. Impact on Organisational Delivery



3. Impact on Governance, Risk and Control



Further comments

I think the service has been improving recently but there is still more which could be done to ensure all parts of the organisation understand and are working with it effectively and to ensure that the service understands and is able to add value to all areas of work.

These are difficult times in terms of priority setting against resources and the self-service culture for finance, HR and IT. A difficult agenda in difficult times for this key function.

I have mostly answered 'partially agree' as there is no option for 'Do not know' or 'unsure'. I have only been involved in one audit, recently, therefore my knowledge and understanding of the internal audit service before this time was minimal. Equally, my involvement in the audit was mostly via the external auditors, I had very little interaction with the internal team, who were only present on the initial scoping call. As such, my main observation, as someone who was asked to be involved in my first audit, was that I had very little understanding of what would be involved, how much time it would consume and what the expectations of the team were.

The internal Audit team are good and engaging, they have run a good service in the main and I'm generally happy, they've had the odd instance where provided updates have not been updated and added to formal feedback and sometimes the regular checkins before a report is produced hasn't happened, this was few and far between, we have addressed this and I don't foresee any issues going forward, I think this happened as they were going through changes in IA which I can understand. I'm fully supportive of Darren and the IA team.

The Head of Service is highly valued. Some auditors can approach things in too a purist fashion and antagonise managers unnecessarily.

Internal audit function is incredibly valuable and insightful for the committee and the work they undertake as a form of control is essential to the council's services and operational delivery programme.

Cuts to the service have reduced the number of audits and timescale for completion.

The key issue is insufficient visibility of Internal Audit's work at Audit Committee and reporting on following up recommendations.

Our internal audit colleagues as well as assurance provide good support and advice around mitigating emerging risks.

Appendix C – Action Plan

PSIAS ref	Area for Improvement	Planned actions	Responsible Officer & Target Date
1000 and 1112	<p>The Council's Risk Management Policy Statement and Strategy (June 2017) should be reviewed and updated.</p> <p>As part of this review, consideration could be given to setting up an informal risk forum involving Internal Audit, Business Continuity, Emergency Planning, Health & Safety etc, bringing information and intelligence together before the next round of risk register reviews.</p>	<p>a) The Council's Risk Management Policy Statement and Strategy will be reviewed and updated.</p> <p>b) We will consider the benefits in setting up an informal risk forum as part of our forward plan to further enhance the Council's risk management framework.</p>	<p>a) Darren Armstrong, Head of Audit and Investigations September 2023</p> <p>b) Darren Armstrong, Head of Audit and Investigations December 2023</p>
1000	The Charter should be updated to reflect the rotation of the line management of the HIA, to preserve this additional safeguard to independence in the future.	a) The Charter will be updated to confirm the safeguards in place to preserve the independence of the IA function.	a) Darren Armstrong, Head of Audit and Investigations April 2023.
1220	The Audit Manual states that a Terms of Reference (ToR) will be agreed for any Consultancy arrangements. This is not always the case in practice; if it is not always practicable or proportionate then the Audit Manual should be updated to reflect this and to make it clearer which types of advisory reviews are likely to require a ToR and separate reporting.	a) The Audit Manual will be updated to confirm the circumstances and protocols for consultancy engagements, including those where a Terms of Reference is required.	a) Colin Garland Internal Audit Manager April 2023

PSIAS ref	Area for Improvement	Planned actions	Responsible Officer & Target Date
	<p>If a consultancy review will use a significant number of audit days, resulting in a planned audit being deferred to the following year, the ToR for the consultancy engagement should be shared with the Chair of the Audit and Standards Advisory Committee.</p> <p>The reporting of outcomes of Consultancy work to the Audit and Standards Committee could be improved e.g. whether a ToR was agreed; how many days were spent on the work; what proportion of audit days was in fact spent on consultancy work during the year.</p>	<p>b) Details of significant consultancy reviews will be shared with the Audit and Standards Advisory Committee, as appropriate. 'Significant' will be defined in the Audit Manual and also agreed with the Committee.</p> <p>c) Outcomes of Consultancy reviews are already reported to the Committee; however, these will be reported/highlighted more clearly within update reports presented to the Committee.</p>	<p>b) Darren Armstrong, Head of Audit and Investigations April 2023.</p> <p>c) Darren Armstrong, Head of Audit and Investigations April 2023.</p>
1300 and 1320	Quality and Improvement Programme outcomes need to be explicitly included in the Annual Report. For example, it doesn't state the areas of improvement that were identified by the self-assessment. To note that these were fairly minor; but there was no statement to make it clear that there are no issues to bring to the attention of the Committee.	a) Where relevant, an action plan will be included within the Annual Report, detailing any actions identified by the annual self-assessment.	a) Darren Armstrong, Head of Audit and Investigations June 2023.
1311	Feedback surveys should state which audit the feedback relates to. This would enable easier linkages to individual auditor performance reviews.	a) Feedback surveys will be amended as per the recommendation.	a) Colin Garland Internal Audit Manager April 2023

PSIAS ref	Area for Improvement	Planned actions	Responsible Officer & Target Date
1311	Consider RAG rating the KPI performance for Internal Audit activity. There are targets but it's not clear whether missing that target is considered a failure. What level of performance is acceptable?	a) The KPI's include targets which we feel are appropriate and SMART. Our aim is to always achieve the target KPI score, and we are cautious of introducing RAG ratings which may undermine the importance of achieving the target scores. We will trial RAG ratings within the 2022-23 Annual Report and consider future application in conjunction with the Audit and Standards Advisory Committee.	a) Darren Armstrong, Head of Audit and Investigations June 2023.
2010 and 2050	As identified in the self-assessment and resultant action plan and the service's 3 year strategy, there is no Assurance map that documents the three lines of defence across service areas. This is something to consider developing, although for it not to become obsolete quickly it would need to be a simple document that is relatively high level.	a) We had previously identified the need to develop an assurance map, using the three lines model, across all service areas. However, priority was given to developing a mini-assurance map to the Council's Strategic Risk Register, which has	a) Darren Armstrong, Head of Audit and Investigations June 2023.

PSIAS ref	Area for Improvement	Planned actions	Responsible Officer & Target Date
		<p>since also been rolled out across all DMT risk registers. These have been critical to aligning and prioritising the work of Internal Audit – ensuring the service focusses on the highest risk areas that the Council faces. Whilst there are some benefits to a ‘three lines’ assurance map, there are also a number of challenges involved with this, including resources needed to keep this a ‘live’ document. Moving forward, we will look to further enhance the assurance maps already in use.</p>	
2120	<p>Once the new Risk Management Policy is in place, Internal Audit should consider reviewing compliance with the policy to be able to clearly provide independent validation of the overall corporate risk management arrangements.</p>	<p>a) We will look to commission an independent ‘risk maturity’ assessment once the new Risk Management Policy is in place.</p>	<p>a) Darren Armstrong, Head of Audit and Investigations December 2023.</p>

PSIAS ref	Area for Improvement	Planned actions	Responsible Officer & Target Date
2200	When planning an engagement, notes of discussions were not always retained on file, other than the draft iterations of the Terms of Reference. It was therefore not always possible to see what had been considered but ultimately excluded from the scope of the review.	a) We undertake an extensive planning exercise for all engagements, which includes (but not limited to) external research, review of risk registers and previous audit files, consultation with peers/colleagues from other Councils, discussions with services and senior management, and internal discussions with the auditor, Audit Manager and Head of Audit. It would not be prudent to explicitly record everything that has been considered, but ultimately excluded from the scope; however, we will better prepare and organise our audit files to demonstrate how the scope of each engagement has been reached.	a) Colin Garland Internal Audit Manager April 2023
2240	In some cases, not all documentation was readily available due to having been held within emails from team members who are no longer at Brent. To improve this, we would recommend:	a) A checklist/cover sheet will be introduced for all audit files. b) A set file format is already in place for all audit reviews. The introduction of the checklist, as	Colin Garland Internal Audit Manager April 2023

PSIAS ref	Area for Improvement	Planned actions	Responsible Officer & Target Date
2330	The introduction of a checklist for each audit that acts as a virtual 'cover sheet'. This would document the steps in the review and ensure that each can be clearly signed off to ensure all tasks have been completed and appropriate evidence saved centrally.	above, will ensure this is followed for all engagements.	
2340 and 2410	A set file format which all assignments must conform to. This should contain the necessary iterations of draft reports and all relevant key correspondence to ensure an audit trail is in place, including evidence of supervision and discussion with management.		