

Internal Audit Annual Report 2022 to 2023



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This report has been prepared solely for the use of councillors and management of West Suffolk Council. Details may be made available by internal audit to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose. The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements, or were not brought to our attention.

1. Introduction

- 1.1 West Suffolk Council is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. Internal audit plays a vital role in providing independent risk-based and objective assurance and insight on how these arrangements are working. Internal audit forms part of West Suffolk Council's assurance framework.
- 1.2 Council services recognise that while they may be delivering a good service they can always improve or look for best practice. They will therefore often proactively engage with internal audit to help achieve this and therefore audit activity in service areas demonstrates the council's culture of continuous improvement.
- 1.3 The purpose of the Internal Audit Annual Report is to meet the Service Manager Internal Audit's annual reporting requirements as set out in the Public Sector Internal Audit Standards (the 'Standards') which govern how internal audit teams operate in the public sector, and the Accounts and Audit Regulations 2015. In particular to:
- include an opinion on the overall adequacy and effectiveness of the council's governance, risk, and control framework, and therefore the extent to which the council can rely on it
 - inform how the audit plan was discharged and the overall outcomes of the work undertaken that supports the annual audit opinion
 - include a statement on conformance with the Standards and the results of the internal audit quality assurance processes
 - draw attention to any issues particularly relevant to the council's annual governance statement.
- 1.4 The Service Manager Internal Audit is responsible for effectively managing the internal audit activity in accordance with the Standards, which are mandatory, and encompass the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the Standards themselves.

2. Annual opinion

Performance against the approved audit plan

- 2.1 All of the work included in the approved 2022 to 2023 audit plan has been completed with the exception of the Performance Management audit which is currently in progress. In addition, although the Operational Risks audit has been completed the draft report for this audit is currently being discussed with management and remains to be finalised.
- 2.2 We consider that sufficient work has been undertaken in support of the annual audit opinion to give assurance that there is generally a sound system of internal control designed to meet the council's objectives, and that controls are generally applied consistently.

How the annual audit opinion has been formed

2.3 The main sources of assurance contributing to the 2022 to 2023 audit opinion are those gained from the audit work carried out during the year which is detailed in the sections below including:

- audit work under each audit opinion category
- COVID-19 post payment assurance work
- other added value work
- work on the 2022 to 2023 Annual Governance Statement including review of the assurance framework
- other significant audit work

2.4 Assurances can also be gained from the following sources:

- counter-fraud work as set out in our Annual Fraud Report 2022 to 2023 at **Appendix B**
- consideration of committee and other reports for any areas affecting governance, risks, or controls
- attendance at officer working groups and managers meetings to understand current risks and actions being taken
- audit knowledge of council processes and initiatives
- internal audit seeks to comply with the Public Sector Internal Audit Standards. We have established quality working procedures including review mechanisms for work undertaken, and annual self-assessment of adherence to these procedures. We have also recently undergone an external assessment which confirmed that we comply with the Standards. The full report setting out the results of this assessment are included at **Appendix C**
- assurances received from external parties – the main relevant assurances for 2022 to 2023 relate to confirmation of compliance with the National Cyber Security Centre’s Cyber Essentials and Cyber Essentials Plus schemes which help to guard the council against cyber-attack. These assurances were taken into account in arriving at the audit opinion for the 2022 to 2023 cyber security audit.

Audit opinion definitions

<p>Good assurance</p>	<p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p> <p>No significant (medium risk) or fundamental (high risk) issues have been raised.</p> <p>An audit opinion of 'good' assurance will only be issued where sufficient relevant, reliable and timely evidence has been subject to recent audit review or testing.</p>
<p>Reasonable assurance</p>	<p>There is a generally sound system of governance, risk management and control in place.</p> <p>Some significant (medium risk) issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited; or</p> <p>Sufficient relevant, reliable and timely evidence may not be available and/or may not have been subject to recent audit review or testing to justify a 'good' opinion.</p>
<p>Limited assurance</p>	<p>Fundamental (high risk) and/or significant (medium risk) gaps, weaknesses or non-compliance were identified, and improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited; or</p> <p>Sufficient relevant, reliable and timely evidence may not be available and/or may not have been subject to recent audit review or testing to justify a 'reasonable' opinion.</p>
<p>No assurance</p>	<p>Immediate action is required to address fundamental (high risk) and significant (medium risk) gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited; or</p> <p>Sufficient relevant, reliable and timely evidence may not be available and/or may not have been subject to recent audit review or testing to justify a 'limited' opinion.</p>

Please note – audit opinions are:

- evidence-based and levels of assurance awarded take into account not just control issues or risks raised, but also the adequacy of evidence which has been subject to audit review and testing, and are
- subject to the professional judgement of the Service Manager Internal Audit


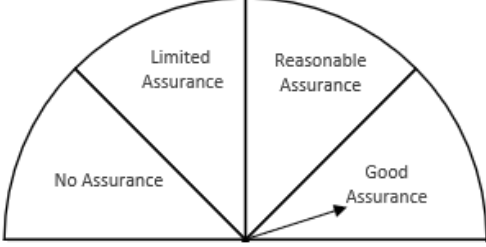

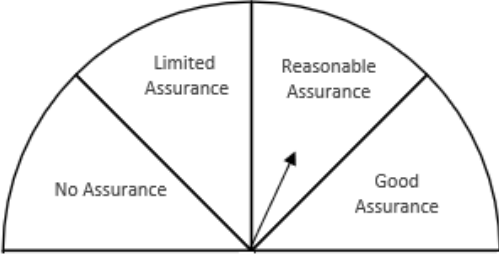

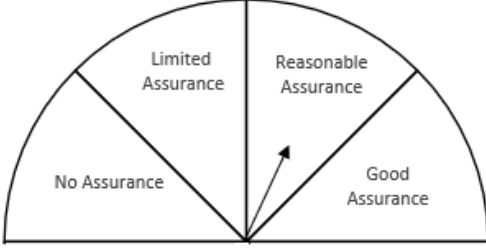

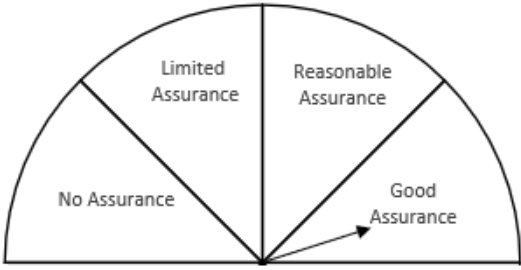
Risk definitions

Risk	Definition
High	A fundamental control process, or statutory obligation, creating the risk that significant fraud, error or malpractice could go undetected.
Medium	A control process that contributes towards providing an adequate system of internal control.
Low	These issues would contribute towards improving the system under review.

- 2.5 In order to make the annual audit opinion informative and transparent, the opinion has been split into the four constituent elements of governance, risk, internal control, and financial control, and a specific conclusion drawn on each.
- 2.6 It should be noted that an opinion of 'reasonable assurance' for any of the four opinion elements should be interpreted as a good result and indicates that in general controls and processes are fit for purpose and working well, while recognising that there are opportunities for further improvements.
- 2.7 We have also included a direction of travel (see below) for each element of the audit opinion to highlight our view of whether the adequacy and effectiveness of arrangements has changed compared to the previous year.

Annual opinion

2.8 For the twelve months ended 31 March 2023, based on the work undertaken and information from any other sources of assurance as explained above, the Service Manager Internal Audit’s opinion on the adequacy and effectiveness of West Suffolk Council’s arrangements for governance, risk, internal control and financial control is as set out below.

<p>Governance</p> 	
<p>Risk</p> 	
<p>Internal Control</p> 	
<p>Financial Control</p> 	

Governance

- 2.9 Governance comprises the systems, processes, culture, and values by which West Suffolk Council is directed and controlled and through which it accounts to, engages with, and where appropriate, leads its communities.
- 2.10 Each year local authorities are required to reflect on how their governance arrangements have worked, identifying any significant governance issues that should be drawn to the attention of the public, in the interests of accountability and transparency. This results in the production of an annual governance statement.
- 2.11 Work on the 2022 to 2023 West Suffolk Annual Governance Statement (AGS) is at an advanced stage, and no significant governance issues are expected to be disclosed for the period to 31 March 2023. There are no issues included in this report which need to be raised in the AGS.

2.12 The Performance and Audit Scrutiny Committee helps to ensure that governance arrangements are working effectively through considering reports that come before them, including approval of the AGS.

2.13 **Governance opinion.** The opinion remains the same as for 2021 to 2022 and is assessed as **good assurance**.

Risk

2.14 Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing quality, cost, and affordability. This puts us in a stronger position to deliver our goals and provide excellent services.

2.15 Work during the year in this area on which the annual audit opinion on risk is based, included:

- carrying out an audit on the identification and management of operational risks within services to provide assurance that operational risks are being effectively managed in support of the achievement of organisational objectives. Based on the results of this work and existing audit knowledge of the services, the audit review concluded that service managers have a good awareness of their current and emerging operational risks, and that appropriate responses to these risks are chosen. However the audit also concluded that introducing a standardised but proportionate approach to recording operational risks within the services may add further value. Discussions are currently underway with management regarding taking this forward
- consideration of risk management arrangements around council projects as part of internal audit's ongoing project assurance work. These arrangements were considered to be working well
- attending the Strategic Risk Management Group meetings during the year to gain assurance over, and feed into as necessary, the strategic risk management process
- ongoing audit consideration of management's approach to, and mitigation of, risk as an integral part of all our audit work, and awareness of management activities
- consideration of relevant reports presented to Leadership Team

The conclusion drawn from the above work was that risk management arrangements for projects and strategic risks have continued to operate as expected during the period.

2.16 **Risk opinion.** The opinion remains the same as for 2022 to 2023 and is assessed as **reasonable assurance**.

Internal control

2.17 This takes into account the outcomes of our work during 2022 to 2023. As our audit plans include different activities each year assurance may vary from year to year. However, the assurance level still gives insight into the council's control environment.

2.18 Results of the 2022 to 2023 reviews were as follows:

- Anglia Revenues Partnership enforcement – this audit was undertaken by the Fenland District Council internal audit team on behalf of the five councils working together as the Anglia Revenues Partnership. No actions were raised, and there were no actions to follow up from the previous audit. An opinion of **good assurance** was given.
- Cyber security – this was a high level review of cyber security arrangements in place which concluded that overall the control environment continues to be strong with robust arrangements in place, resulting in a **good assurance** opinion being given. Only minor findings and recommendations were raised regarding consideration being given to further improve the cyber security awareness culture and the approach to risk management. The two actions (both regarding the business continuity plan) included within the 2021 to 2022 Cyber Security Audit were discussed with the District Emergency Planning Officer and are considered to be completed. Note that this audit only included cyber security arrangements in respect of systems and data subject to the ICT team's controls and does not include 'Software as a Service' IT systems (where the software is located on external servers rather than on servers located in-house). An audit of the council's arrangements in place in respect of the use of Software as a Service is included in the 2023 to 2024 audit plan of work.
- Disabled facility grant from the Department for Levelling Up, Housing and Communities – this audit was carried out to provide assurance to both West Suffolk Council and Suffolk County Council that for the year 2021 to 2022, the conditions of the disabled facility grant allocated to, and spent by West Suffolk Council, have been complied with. An audit opinion of **good assurance** was given, with no recommendations arising and no recommendations to follow up from the previous year's audit.
- VAT – an audit was carried out to review the adequacy of the arrangements for compliance with VAT rules, including VAT returns to HMRC. No audit findings or recommendations were made, and an opinion of **good assurance** was given.
- Civil parking enforcement - a risk-based audit was undertaken to provide assurance that the systems in place in respect of civil parking enforcement are operating as intended. Recommendations arising revolved around the need to further investigate options for recording the reasons for spoilt or cancelled penalty charge notices, and to continue to make further improvements in processes around recovering outstanding penalty charge notice payments. An opinion of **reasonable assurance** was given.
- Council tax billing, housing benefit and local council tax reduction scheme - this audit was undertaken by the West Suffolk Council internal audit team on behalf of the five councils working together as the Anglia Revenues

Partnership. A number of recommendations were made and covered areas such as anti-money laundering training and controls over system access. All actions from previous audits have been closed. An opinion of **reasonable assurance** was given.

- Recovery of council tax and housing benefit overpayments - this audit was undertaken by the West Suffolk Council internal audit team on behalf of the five councils working together as the Anglia Revenues Partnership. A number of recommendations were made and covered areas such as completion of review of some processes and associated procedure notes. One action (regarding anti-money laundering training) from the previous year's audit was considered to be still work in progress. An opinion of **reasonable assurance** was given.
- Non-domestic rates (NDR) – this audit was undertaken by the East Suffolk Council internal audit team on behalf of the five councils working together as the Anglia Revenues Partnership. A small number of recommendations were made and covered areas such as timeliness of reconciliations. An audit opinion of **reasonable assurance** was given.
- Procurement cards – an audit was undertaken to confirm that corporate procurement cards are used in accordance with guidance, expenditure is monitored and approved appropriately, best value is achieved, and the risk of fraud is minimised. The main recommendation from this audit was the need to review and reissue guidance to card holders, including to further clarify circumstances in which these cards should be used. An opinion of **reasonable assurance** was given.
- Geographic information system (GIS) - is a computer system for capturing, storing, checking, integrating, manipulating, analysing, sharing and displaying geographically referenced data and also feeds into the 'Find My Nearest' service provided to the general public. This was the first review of this area and was undertaken to provide assurance that the system continues to support the council's business needs. Recommendations arising focused on the need for guidance to be created for ICT staff to undertake tasks on the system in case of absence of the GIS Officer, and for further consideration to be given to review and update of data on the system. An opinion of **reasonable assurance** was given.
- Confidential waste service follow up audit – this review highlighted that progress against one action from the original audit remains outstanding, regarding the tendering of the contract for the confidential waste supplier.
- Houses in multiple occupation (HMOs) follow up audit – this follow up review has confirmed that the remaining action from the original audit report has now been implemented.
- Health and safety estates follow up audit – this follow up review has confirmed that the remaining actions from the original audit report have now been implemented.
- Heritage assets follow up audit – this review highlighted that the remaining actions from the original audit report have now been implemented.

- Civic regalia follow up audit – this follow up review has confirmed that the remaining actions from the original audit report have now been implemented.
- Health and safety lone working follow up audit - this review highlighted that the remaining actions from the original audit report have now been implemented.
- Payment card standards follow up audit - this review highlighted that one action arising from the original audit remains to be fully completed, this being regarding the need to ensure that all relevant staff undergo regular training and that this can be evidenced.
- Community chest grants follow up audit - this review highlighted that the remaining actions from the original audit report have now been implemented.

No opinions are issued for follow up audits as they only look at implementation of previously agreed actions.

2.19 **Internal Control opinion.** The opinion remains the same as for 2021 to 2022 and is assessed as **reasonable assurance**.

Financial control

2.20 Our audit work includes providing assurance over our key financial systems. This work is also of particular interest to the external auditor when planning and performing their audit of the council's annual statement of accounts.

2.21 During the year the following reviews were carried out and opinions issued:

- Treasury management – this audit covered controls relating to the management of the council's short-term and long-term investments with approved organisations to achieve the best possible rate of return. Audit work undertaken resulted in a **good assurance** opinion being given with no recommendations arising, and there were no actions to follow up from the previous audit.
- General ledger – this audit was undertaken to provide assurance that financial transactions are correctly recorded including ensuring their completeness and integrity, to provide a robust basis for managing the council's finances including preparation of the council's annual statement of accounts. A **good assurance** opinion was given, one action was agreed to further improve controls regarding banking processes and arrangements, and two actions were followed up from the previous audit both of which were considered to have been implemented.
- Payroll – the audit covered controls focusing on starters, leavers, amendments, and system access. A **good assurance** opinion was given, no actions were raised, and there were no actions to follow up from the previous audit.

- Car parks cash handling – this audit was carried out to provide assurance that effective controls are in place over car parking cash collection, retention and banking systems. A **good assurance** opinion was given with no actions raised, and one action was followed up from the previous audit and considered to have been implemented.
- Creditors – this audit was undertaken to provide assurance that payments made are valid, authorised, accurate and timely, in respect of goods and services received by the council. A **reasonable assurance** opinion was issued with one action raised regarding the need to raise official purchase orders wherever possible before goods or services are ordered.
- Debtors – an audit review was carried out, with the focus on raising of invoices and credit notes, data quality and debt recovery, and the follow up of actions from the previous year’s audit in respect of write-offs and debt reporting. A **reasonable assurance** opinion was given. Five medium risk actions were agreed including two which remained as work in progress from the previous year’s audit. These actions included the need to further raise awareness to relevant staff of guidance regarding writing off irrecoverable debts and the recovery of overdue fees and charges.

2.22 **Financial Control opinion.** The opinion remains the same as for 2021 to 2022 and is assessed as **good assurance**.

3. Scope of our work, organisational independence, and non-audit roles

- 3.1 Our risk-based 2022 to 2023 internal audit plan, approved by the Performance and Audit Scrutiny Committee in May 2022, was prepared taking into account the critical activities and key risks to support the basis of the annual internal audit opinion.
- 3.2 The work of internal audit supports the delivery of all the council’s priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds. The achievement of corporate priorities is dependent on the council making efficient and effective use of its resources and in operating robust and transparent governance arrangements. The audit plan sets out a series of risk-based work that will provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the council’s priorities.
- 3.3 Where issues have been raised as a result of audit work undertaken actions have been agreed with management to address any findings raised. Progress against these actions, where not already followed up in 2022 to 2023, will be followed up by internal audit as part of our 2023 to 2024 work plan.
- 3.4 In carrying out our work we identified no unexpected restrictions to the scope of our work. Also, we have not experienced any impairment to our independence or objectivity during the conduct and delivery of the 2022 to 2023 audit plan.
- 3.5 The Public Sector Internal Audit Standards require internal audit to confirm to the Performance and Audit Scrutiny Committee at least annually the

organisational independence of the audit activity. Internal audit effectively achieves this through the Performance and Audit Scrutiny Committee's involvement in the following:

- approval of the risk-based internal audit plan
- receiving communications from the Service Manager Internal Audit on internal audit activity relative to the audit plan and other matters
- approval of the internal audit charter - this formally defines our statutory role, responsibility, status and authority within the council - as and when required.

3.6 The Standards require specific safeguards to be in place where the Service Manager Internal Audit has responsibilities for matters beyond internal auditing. The most significant ongoing area relevant to us is in respect of financial due diligence work, mainly undertaken by the Service Manager Internal Audit. Should any independence issues arise in relation to this or any other of our work the matter would be referred to the Section 151 Officer.

4. Other added value work

4.1 These are pieces of work identified by management and internal audit which are designed to provide support or advice to management including reviewing relevant arrangements on behalf of management and assisting where appropriate in making improvements. The nature of this work means that it will not always result in a report being issued. Added value work carried out during the year includes the following:

Highways processes

4.2 An exercise to document highways processes so that appropriate improvements can be designed and planned for.

Virtual parking permits

4.3 Internal audit support was provided to a package of work reviewing the council's existing parking permit processes with a view to the council moving away from paper-based parking permits and how this could be taken forward.

Residential housing properties

4.4 An exercise to bring together into a single document a comprehensive and detailed list of information and data in respect of the council's residential housing properties, to assist asset management requirements.

Greenspace and heritage helpdesk analyses

4.5 Review of type and frequency of demand going through the helpdesk.

Use of social media to support investigations

4.6 This review looked at whether staff understand and act in accordance with existing guidance around the use of social media in investigations, and whether

that guidance is sufficient. The review concluded that staff are acting in accordance with guidance but that further training would be useful in this area.

Affordable housing

- 4.7 Internal audit support to review and better understand the council's approach and processes relating to the provision of affordable housing within the Strategic Housing function.

Planning teams (technical, business support, land charges and systems)

- 4.8 Review of type and frequency of demand going through the various teams.

Payroll checking

- 4.9 An exercise was carried out at the request of the payroll team to map the current processes in respect to starters, leavers, amendments, and payroll validation checks, which included liaising with staff offering advice and suggestions regarding the efficiency of the controls in operation in the payroll area.

Park events

- 4.10 Internal audit support given to mapping the current processes for major and minor park events.

5. Fee earning work

- 5.1 Internal audit has continued to undertake fee earning work during 2022 to 2023 which brings in approximately £10k of income. This work consists of the audit of the council tax billing and benefits, and overpayments recovery, systems at the Anglia Revenues Partnership (ARP) on behalf of East Cambridgeshire District Council and Breckland Council.

6. Other significant work

- 6.1 Other key work undertaken during 2022 to 2023 included:

Annual governance statement

- 6.2 Co-ordination of the production of the West Suffolk Annual Governance Statement.

Financial due diligence

- 6.3 During the year internal audit responded to around 60 requests for financial due diligence or other related financial advice including assessments of organisations' financial suitability to undertake specified contracts for the council.

Mildenhall hub

- 6.4 We performed a high-level review of the external project manager's report on the final account and concluded that information and conclusions contained within that report were robust.

Grants to businesses

- 6.5 Internal audit resource has continued to support post payment activity in respect of the COVID-19 related grants to businesses as follows:
- completion of the post payment assurance work undertaken at the request of the Department for Business, Energy and Industrial Strategy (BEIS). Confirmation has been received from BEIS that West Suffolk Council followed an appropriate and robust process in completing the minimum assurance checks when awarding and paying the first cohort of business grants issued in 2020 to 2021 (Local Authority Discretionary Grant Fund, Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund)
 - monitoring of recovery in respect of businesses which were identified post-payment as not being eligible for the grant payments received; and
 - fraud – providing the necessary information as requested by external organisations regarding national organised crime activity related to COVID-19 business grants.

Other grants assurance work

- 6.6 Community Outbreak Management Fund – positive assurance was provided to Suffolk County Council that the funds issued to West Suffolk Council to manage and control the outbreak of COVID-19 in the community have been spent in accordance with the conditions of the grant.
- 6.7 Test and Trace Support Payment Scheme Funding Grants – positive assurance was provided to the Government over the process and payment of self-isolation payments in support of people on low incomes who have been directed to self-isolate and are unable to work from home and will lose income as a result.
- 6.8 Contain Outbreak Management Fund – positive assurance was provided to the Government that the expenditure incurred was used appropriately to mitigate against and manage local outbreaks of COVID-19.

Welcome back fund - European Regional Development Fund (ERDF)

- 6.9 Funding was received as part of the wider support government provided to communities and businesses to protect jobs, support the most vulnerable, support the safe return to high streets and help build back better from the pandemic. Work was undertaken by the internal audit team to review the expenditure claims made by the council, and advise on the supporting evidence required in the grant conditions and compliance with the expenditure to reduce the risk of financial clawback.

Council Tax Energy Rebate

- 6.10 Post payment assurance work to confirm that the grant, which was administered by ARP, was only awarded to eligible households meeting the criteria. No significant issues arose.

Green Homes Grant from the Department for Business Energy and Industrial Strategy

- 6.11 Work undertaken to enable sign off by the Chief Executive and Service Manager Internal Audit as required by the Energy Efficiency and Local division of the Department for Business Energy and Industrial Strategy (BEIS) to provide assurance that the grant conditions have been complied with. The grant gave funding to provide energy efficiency upgrades to low income homes. No significant issues arose.

Sustainable Warmth Grant Schemes

- 6.12 Ongoing work to enable sign off by the Chief Executive and Service Manager Internal Audit as required by the Energy Efficiency and Local division of the Department for Business Energy and Industrial Strategy (BEIS) to provide assurance that the grant conditions which provides funding to improve household energy efficiency are being complied with.

UK Shared Prosperity Fund

- 6.13 The Department for Levelling Up, Housing and Communities (DLUHC) have awarded funds to support implementation of its Levelling Up White Paper, known as the UK Shared Prosperity Fund (UKSPF). The Government's stated aim for the fund is to build pride in place and increase life chances across the UK. West Suffolk Council was awarded £1.9m to provide funding to public or private organisations, procure services or in house provision for the period 2022 to 2025.
- 6.14 Internal audit have assisted service areas in completing a fraud risk assessment in respect of the fund. Ongoing work will continue to provide assurance that the authority has in place the processes to ensure proper administration of the financial affairs relating to the UKSPF allocation to enable routine sign off by the S151 Officer.

Energy Bills Support Schemes

- 6.15 A package of energy bills support was provided by the government to support eligible recipients for meeting costs related to the use of energy in 2022 to 2023, for most households this was delivered through domestic electricity suppliers. For households who pay for their electricity in a different way and have not received support, a non-repayable payment of £400 is available through the Energy Bills Support Scheme Alternative Funding (EBSS AF) Grant. For households that use alternative fuel as the main source of heating and did not receive support through their energy supplier, a non repayable payment of £200, is available through the Alternative Fuel Payment (AFP) Scheme Alternative Fund Grant.

- 6.16 Internal audit assisted in the preparations for the launch of the schemes which are administered by the Anglia Revenues Partnership (ARP). Post payment assurance work will be undertaken at the end of the schemes.

COVID Additional Relief Fund (business rate relief)

- 6.17 This fund was made available by the Government to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates. Internal audit work included undertaking pre-award checks on larger businesses to assist in identifying if subsidy levels have been exceeded and to confirm the business is still solvent. The scheme is mainly administered by ARP.

National Fraud Initiative (NFI)

- 6.18 Internal audit co-ordinates the council's participation in this biennial exercise, run by the Cabinet Office, which matches electronic data within and between public and private sector bodies to prevent and detect fraud.
- 6.19 Data matches have been released by the NFI and are being worked through by internal audit and ARP. To date, there have been no significant frauds or errors identified with the matches from this exercise. More detail is contained within the Annual Fraud report regarding NFI activity.

West Stow accounts

- 6.20 Similar to previous years, internal audit act as the Independent Examiner of the West Stow Anglo Saxon Village Trust 2021 to 2022 accounts. There were no matters of concern.

Other

- 6.21 Ongoing advice and assistance provided to service areas and the S151 Officer.

7. Quality assurance

- 7.1 We recognise the importance of meeting customer expectations as well as conforming to the UK Public Sector Internal Audit Standards (the 'Standards'). We continually focus on delivering high quality audits, seeking opportunities to improve where we can.
- 7.2 We are committed to training and developing internal audit staff, with training provision continually reviewed through the appraisal process and regular one-to-one meetings.
- 7.3 The Standards require that internal audit 'must develop and maintain a 'quality assurance and improvement programme' that covers all aspects of the internal audit activity'. This quality assurance and improvement programme is designed to check internal audit's conformance with the Standards and the profession's code of ethics and also assess its efficiency and effectiveness and identify any areas for improvement.

7.4 Currently, West Suffolk Council’s internal audit quality assurance and improvement programme consists of the following elements:

- an external assessment to independently assess compliance with the Standards every five years. An external assessment of internal audit was conducted in March 2023, with very positive results, including confirming that the team complies with the Standards. The results of this assessment and an action plan to address further minor improvements suggested by the assessor are included in the assessor’s report which is included in full at **Appendix C**
- a quality review process is undertaken for each individual audit. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting
- customer satisfaction questionnaires are issued with audit reports for completion by the service area subject to audit
- quality assurance checks by the internal audit team to ensure the Standards are consistently followed.

7.5 We aim to comply with the Standards and the Institute of Internal Auditors Code of Ethics in all our work and we are not aware of any significant areas of non-conformance.

8. Performance against key indicators

8.1 Internal audit’s performance is measured and monitored throughout the year using a range of indicators.

8.2 Performance against relevant indicators is summarised below:

Performance indicator	2020 to 2021	2021 to 2022	2022 to 2023
Percentage completion of Priority 1 work within the approved Audit Plan	85 per cent	93 per cent	97 per cent
High risk actions implemented or satisfactory/reasonable progress made by target date	See Note 1 below	100 per cent	100 per cent

Average number of days from fieldwork completion to issue of draft report	6 days	5 days	2 days
Average number of days from receipt of final management comment to issue of final report	4 days	6 days	2 days
Percentage of satisfactory (or better) ratings received from customers on individual audits	100 per cent	100 per cent	100 per cent

Note 1 – as reported in previous Internal Audit Annual Reports the follow up of high-risk actions was necessarily delayed due to the internal audit team supporting the council’s response to the impacts of COVID-19. These high-risk actions were subsequently confirmed as having been implemented or reasonable progress having been made.

9. Glossary of terms

Significance: the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Internal audit annual opinion: the Service Manager Internal Audit’s view, based on internal audit work undertaken and any other relevant assurances, of the adequacy and effectiveness of the council’s arrangements for governance, risk and control.

Governance: governance comprises the arrangements (including political, economic, social, environmental, administrative, legal, and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk: the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control: any action taken to manage risk and increase the likelihood that established objectives and goals will be achieved.

Impairment: impairment to objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations.