

Appendix 5 to the Head of Internal Audit
Annual Report to the Audit Committee
July 2024

**Internal Audit Shared Service
Royal Borough of Kensington and Chelsea
City of Westminster
London Borough of Hammersmith & Fulham**

**Internal Audit Performance
External Quality Assessment**

FINAL REPORT

Date: 18 October 2023

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Introduction

The Public Sector Internal Audit Standards (PSIAS) require an external quality assessment be undertaken at least every five years, although more frequent assessments may take place. 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.

The standards and interpreting guidance go on to clarify that the external assessor must conclude as to conformance with the Code of Ethics and the Standards. The lead assessor must demonstrate competence in the professional practice of internal auditing and the external assessment process. Neither the lead assessor or any members of the assessment team should have an actual or perceived conflict of interest and they must not be a part of, or under the control of, the organisation to which the internal audit activity belongs. The scope of the assessment must be agreed with an appropriate sponsor, such as the Director of Finance or the Chair of the Audit Committee.

Across London, the London Audit Group has organised a system of independently validated assessments. It has been agreed that self-assessments will be completed and that these will be validated by suitably qualified individuals or teams from other members of the group.

This review of internal audit's performance across the shared service has been led by Paul Rock who is appropriately qualified, independent and has no actual or perceived conflicts of interest. The scope and approach for this assessment was agreed by the Executive Director of Resources at Royal Borough of Kensington and Chelsea.

Conclusion

The self-assessment was very thorough and well evidenced and covered both the Public Sector Internal Audit Standards as well as the Local Government Application Note produced by the Chartered Institute of Public Finance and Accountancy.

Based on the self-assessment, supporting evidence and independent validation it is the view of the lead assessor that the internal audit services for Royal Borough of Kensington and Chelsea, City of Westminster and London Borough of Hammersmith and Fulham **generally conforms with the Public Sector Internal Audit Standards. This is the highest available rating.** Definitions of all the ratings are detailed in Appendix D.

The internal audit shared service is clearly delivering a high-quality service that is valued by all the authorities it serves. Of particular note is the approach to annual planning, which is agile and flexible. The service is recognised by stakeholders as extremely well led, respected and seen as supporting the organisations to achieve their respective objectives.

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

During this assessment, a survey of key stakeholders was undertaken, with 12 responses received. The results are very positive and a testament to the professionalism and expertise of internal audit service. In summary, the survey results have revealed that:

80% or more of the respondents confirmed they fully or generally agreed with majority of the statements (15 of 19) relating to the internal audit service.

The four statements that dropped below this level (but were still positive) related to:

- The adequacy of resources (67%) and whether internal audit enhanced organisation-wide understanding of governance, risk, and control (75%). The drop in agreement was driven by respondents stating they did not know.
- The remaining two statements related to communicating results (67%) and practical recommendations (75%). In both statements some respondents indicated they partially (rather than fully or generally) agreed with the statement.

None of respondents stated they did not agree with any of the 19 statements. The full results of the survey are shown at Appendix B.

Interviews with Key Stakeholders

In addition to the stakeholder survey, interviews were also held with the Executive Director of Resources (Royal Borough of Kensington and Chelsea) Director of Finance (London Borough of Hammersmith and Fulham) and Director of Finance (City of Westminster)

Overall, the interviewees were very positive about the internal audit shared service. Interviewees described the service as extremely well led, credible, responsive, respected, agile, as well as providing sound advice and guidance. The flexible approach to strategic and annual planning of internal audit activity was frequently mentioned as a positive. None of the interviewees raised any significant areas of concern or need for improvement.

Key Findings

Assessment against the Public Sector Internal Audit Standards and Local Government Application Note (LGAN) is a comprehensive approach and results in over 130 statements having been evaluated.

Out of these statements there are only eight areas of partial conformance (see Appendix A), and these are linked through common themes that can be quickly addressed by implementing the following recommendations.

Approval of Work Programmes

Standard 2240.A1 requires that work programmes (often referred to as testing schedules) must be approved prior to their implementation and any adjustments must be approved promptly.

The shared service has several experienced staff and as a result they can produce good quality work programmes with little supervision. However, the standards specifically require programmes to be reviewed and approved prior to commencement to ensure consistency and quality.

Recommendation:

All work programmes to be reviewed and approved by the supervising auditor prior to implementation.

Key Performance Indicators and Satisfaction Surveys

Standard 1311 states internal assessments must include ongoing monitoring of the performance of the internal audit activity and standard 1320 states the chief audit executive [or equivalent] must communicate the results of the quality assurance and improvement programme.

The service has documented its quality assurance and improvement programme (QAIP), but it does not include references to key performance indicators or satisfaction surveys. Including both and reporting performance at least annually will ensure there is a complete picture of internal audit's performance.

Recommendation:

Document key performance indicators and satisfaction surveys as part of the QAIP and report performance in the annual report. Consider introducing a 'cold review' process of internal audit files as part of annual self-assessment against the PSIAS.

Assessment and Limitations of Resources

Standard 2020 states the chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

The service routinely communicates the internal activity plans and significant changes but does not include an assessment of the resources required to

deliver the work. Based on the self-assessment the service does have adequate and capable resources that are supplemented when needed through co-sourcing arrangements. To fully comply with the standard the service simply needs to communicate the resources assessment to senior management and the audit committees.

Recommendation:

Include an assessment of the required internal audit resources in annual planning reports to senior management and the audit committees.

Documented Retention Periods

Standard 2330.A2 states the chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organisation's guidelines and any pertinent regulatory or other requirements.

The internal audit service understands its retention requirements and the variations between authorities but would benefit from clearly documenting these requirements in its audit manual or another appropriate document.

Recommendation:

Document retention and disposal requirements in the audit manual or another appropriate document.

Evaluating ethics-related objectives, programmes and activities

Standard 2110.A1 states the internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.

The service has evaluated ethics through a range of internal audits across the councils but hasn't recently undertaken a targeted audit on this topic and does not include the outcome of its evaluation in the annual reports.

Recommendation:

Consider an audit or maturity assessment to evaluate the design, implementation and effectiveness of the council's ethics-related objectives, programmes and activities. Or, if evaluated through a broad range of audits, include an overall opinion of the design, implementation and effectiveness of the council's ethics-related objectives, programmes and activities in the annual report.

Internal Audit's Mission

Standard 1000 states the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework.

The Internal Audit Charter and Strategy taken together do show that internal audit's intention is to add value and provide risk-based assurance and advice

but for completeness these documents would benefit from including the specific internal audit mission included in the PSIAS.

Recommendation 6

Add the internal audit mission statement to each charter - 'To enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight'.

File Review and Testing Limitations

During this assessment a sample of audit files were reviewed for compliance against the PSIAS. All the in-house internal audit files were well documented and complied with the standards (other than the consistent approval of work programmes as documented above). The internal audit service is supported through contractual arrangements with both Price Waterhouse Coopers and Mazars. Our testing did not extend to the provider's audit files and we have placed reliance on the contractual obligations to provide internal audit services that are compliant with the PSIAS, which must include their own external quality assessment arrangements.

Appendix A - Summary Assessment

Statement	Generally Conforms	Partially Conforms	Does not Conform
Mission of Internal Audit			
Does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS?	✓		
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?	✓		
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?	✓		
Is the internal audit activity insightful, proactive, and future-focused?	✓		
Does the internal audit activity promote organisational improvement?	✓		
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?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
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> ?	✓		
Attribute Standards			
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?	✓		
Internal Audit Charter.	✓		
Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?	✓		
Does the CAE have direct and unrestricted access to senior management and the board?	✓		
Are threats to objectivity identified and managed at all levels?	✓		
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?	✓		
Does the CAE communicate and interact directly with the board?	✓		
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?	✓		
Do internal auditors have an impartial, unbiased attitude?	✓		
Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓		
If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties?	✓		
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?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
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?	✓		
Does the CAE hold a professional qualification, such as CMIIA/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?	✓		
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?	✓		
Do internal auditors exercise due professional care?	✓		
Do internal auditors exercise due professional care during a consulting engagement?	✓		
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?	✓		
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?		✓	
Does the QAIP include both internal and external assessments?	✓		
Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓		
Do internal assessments include ongoing monitoring of the internal audit activity?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
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?	✓		
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?	✓		
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?		✓	
Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓		
Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓		
If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓		
Performance Standards			
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, e.g. 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?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
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?	✓		
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?	✓		
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?	✓		
Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓		
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?	✓		
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?	✓		
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?	✓		
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?	✓		
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?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
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?	✓		
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?	✓		
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.	✓		
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?	✓		
Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of each engagement	✓		
Have internal auditors developed and documented work programmes that achieve the engagement objectives?		✓	
Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?	✓		
Have internal auditors generally based their conclusions and engagement results on appropriate analyses and evaluations?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
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?	✓		
Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓		
Does the CAE control access to engagement records?	✓		
Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓		
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?	✓		
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?	✓		
Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?	✓		
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?	✓		
Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓		
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?	✓		
Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Has the CAE communicated engagement results to all appropriate parties?	✓		
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?	✓		
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 PSIAIS, results of the QAIP, progress against improvement plans, summary of performance?		✓	
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?	✓		
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 B – Survey Results



Appendix C – Action Plan

	Recommendation	Management Comments and Timeline
1	All work programmes to be reviewed and approved by the supervising auditor prior to implementation.	<p>Management Response: Team to be advised and Manual updated to include reference to this requirement.</p> <p>Action Owner: M Mackie Implementation Date: End Dec 2023</p>
2	Document key performance indicators and satisfaction surveys as part of the QAIP and report performance in the annual report. Consider introducing a 'cold review' process of internal audit files as part of annual self-assessment against the PSIAS.	<p>Management Response: Performance indicators will be discussed and agreed for use in the 2024/25 financial year.</p> <p>Will consider introducing cold review of files as part of annual self-assessment.</p> <p>Action Owner: Moira Mackie Implementation Date: wef April 2024</p>
3	Include an assessment of required internal audit resources in annual planning reports to senior management and the audit committees.	<p>Management Response: Will include indicative resourcing requirements for annual plan which will be seen by Senior Managers prior to submission to Audit Committees (note audit committees do not approve the plan or resources required although any significant shortfall in resources would be identified to them).</p> <p>Action Owner: Moira Mackie Implementation Date: wef April 2024</p>

	Recommendation	Management Comments and Timeline
4	Document retention and disposal requirements in the audit manual or another appropriate document.	<p>Management Response: The audit manual will be updated to include this.</p> <p>Action Owner: Moira Mackie Implementation Date: End December 2023</p>
5	Consider an audit or maturity assessment to evaluate the design, implementation and effectiveness of the councils' ethics-related objectives, programmes and activities. Or, if evaluated through a broad range of audits, include an overall opinion of the design, implementation and effectiveness of the council's ethics-related objectives, programmes and activities in the annual report.	<p>Management Response: This will be considered for each Council and how this may be determined will be discussed by the Head of Internal Audit and the Director. If necessary, some time will be set aside in the audit plan to evaluate this.</p> <p>Action Owner: Moira Mackie / David Hughes Implementation Date: End March 2024</p>
6	Add the internal audit mission statement to each charter - 'To enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight'.	<p>Management Response: The Charter will be reviewed and updated to include additional information as indicated.</p> <p>Action Owner: Moira Mackie Implementation Date: End March 2024</p>

Appendix D – Definitions

Generally Conforms	The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section 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.