



Internal Audit Progress Report  
April 2023

# 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (the Standards) require the Audit & Governance Committee to oversee the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Internal Audit service.

# 2. Performance

- 2.1 The Internal Audit team is working on the delivery of the planned audit assignments for 2022/23. At the time of reporting, 93% of the assignments for delivery by the Internal Audit team are completed to final or draft report stages. Work to conclude fieldwork on the remaining 7% is underway and work has also commenced on planning for 2023/24 assignments. The outcomes of all audits from the 2022/23 plan will be reflected in the Annual Internal Audit Report.
- 2.2 A full copy of the 2022/23 audit plan is provided as Table 3, on pages 7 to 14 of this report.

# 3. Key findings

- 3.1 Since the last meeting of the Audit & Governance Committee, finalised reports have been issued in respect of five audit assignments. The key findings arising from those audits are summarised as follows:

## **Payment Card Industry (PCI) Data Security Standard (DSS) - advisory**

Payment Card Industry (PCI) Data Security Standard (DSS) is a global standard, administered by the PCI Security Standards Council (SSC), which was founded by five major card providers (Visa Inc., Mastercard, American Express, Discover, and JCB International) and provides requirements to protect cardholder data and sensitive authentication data.

Organisations must comply with PCI DSS if they process, store or transmit payment cardholder data, regardless of industry or size. Non-compliance with PCI DSS can result in suspension of the ability to accept and process card payments, increased transaction fees, non-compliance fees and/or costs to cover any forensic investigation if there is a breach. Breaches of personal data would also result in a breach with data protection regulations which could also result in additional, severe fines and reputational damage.

The objective of this consultancy review was to provide advice over the arrangements for ensuring compliance with PCI DSS to help inform the focus of ongoing work. The review was originally to be an assurance audit, however, given the roll out of the new income management system and the new telephony system in 2023, it was decided an advisory, consulting engagement would add more value at this stage as processes will substantially change following implementation of these new systems.

As this is a consultancy engagement, an opinion has not been provided but the work does still contribute to the overall internal audit opinion. It has been agreed to monitor the results/recommendations as would be the case for a general assurance piece of work.

The client for the engagement, Assistant Director (AD) – Customer Services, is the nominated lead for PCI DSS compliance and, as this is a consultancy piece of work, the scope agreed was to focus on the current arrangements in Customer Services.

The move from legacy councils to the unitary council may have resulted in a difference in compliance level and the current position still needs to be established, as does the scope for where card payments are being taken. It is advised that a working group/project group be established, coordinated and chaired by the AD – Customer Services so that these details can be finalised, and assurances mapped to the PCI DSS requirements. This work should be aligned with the various project groups for the new systems and the AD – Customer Services should attend these project meetings as the nominated lead for PCI DSS compliance.

### **Contract extensions**

Section 13 of the Procurement Best Practice Guide includes the following in respect of contract extensions:

13.3.1. Contracts can only be extended where the contract allows it. The original procurement must have clearly stated in the ITT documents, the initial contract period as well as any optional contract extensions (if any).

13.3.2. Extensions must only be taken up where:

- a. There is budgetary provision; and
- b. Value for Money can be clearly demonstrated; and
- c. There is a provision stipulated in the original Contract for an extension; or
- d. A Waiver request is approved, where no specific provision exists in the Contract.




13.3.3. Negotiations with the provider should be considered to see if the contract price can be reduced before agreeing to a contract extension, particularly if elements of the contract are not being delivered in line with the original contractual requirement.

13.3.4. Justification for extending the contract should be recorded in writing in agreement with the Chief Officer. For audit purposes, it is recommended that this justification is recorded where it can be accessed later; for example, with the contract documents, as a private note on the Contract Register or in a locally shared area.

The scope of the audit was to provide assurance over the Council's arrangements for extending contracts.

In overall terms, the audit findings indicated that Contract Procedure Rules were being complied with for contracts that are extended under the terms of existing contracts, or in cases where a tender waiver is required. Testing on wider procurement compliance is conducted in the regular audit testing on procurement.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
<b>Control Environment</b>		<b>Good</b>
<b>Compliance</b>		<b>Good</b>
<b>Organisational Impact</b>		<b>Minor</b>

### Planning fee income




Planning fee income continues to be split across a number of budget lines that correspond to the former Councils that North Northamptonshire replaced on April 1st 2021, although work is ongoing to bring these budget lines together. The combined 2022/23 budget for planning fee income across these lines equates to £2.747m, with a further £159k budgeted for discretionary fees and charges including pre-planning advice.

The scope of the audit was to provide assurance over the Council's arrangements for forecasting and collecting planning fee income.

In overall terms, the audit confirmed that whilst planning fee income budgets are subject to regular monitoring, there is a need to strengthen the process for initially setting these budgets. The current practice generally involves rolling forward budgets from previous years, even where actual in year income collection has been significantly different to budgets.

The Assistant Director – Growth & Regeneration has however reported that the overall planning fee income budget set for the forthcoming year (2023/24) has taken account of the overall likely fee income outturn and so should be both realistic and achievable.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
<b>Control Environment</b>		<b>Satisfactory</b>
<b>Compliance</b>		<b>Satisfactory</b>
<b>Organisational Impact</b>		<b>Minor</b>




### Housing repairs

As at the 31<sup>st</sup> March 2021, the former Kettering Borough Council and Corby Borough Council owned 3,603 and 4,673 social dwellings respectively, all of which was transferred to North Northamptonshire Council on 1<sup>st</sup> April 2021. There remain separate responsive repair budgets for the two localities in 2022/23, with Kettering standing at £1.5m. Corby's budget is less easy to define as some responsive repairs budget headings include salaries of officers working on capital projects and some expenditure on sheltered schemes is also classified as responsive repairs. Two in-house teams are maintained to deliver the responsive repairs service to the respective localities. Corby operates the QL system to administer responsive repairs, whilst Kettering uses the Callsys system.

The scope of the audit was to provide assurance over the consistent categorisation and response to housing repair requirements and performance in turnaround time for responsive

repairs. In overall terms, the audit highlighted a number of weaknesses. Key issues to highlight include the need to address the significant number of repairs that are not currently achieved within target times, complete stock condition surveys (currently in progress at Corby, but not started at Kettering), address the backlog of post-inspections that have not been completed and provide more meaningful performance measures. There also remains a number of inconsistencies in the approach taken to delivering the repairs services at each locality, which is exacerbated by the fact that two separate systems continue to be operated.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion		
<b>Control Environment</b>		<b>Limited</b>
<b>Compliance</b>		<b>Limited</b>
<b>Organisational Impact</b>		<b>Moderate</b>

### Housing voids management

As at 31<sup>st</sup> March 2021, the former Kettering Borough Council and Corby Borough Council owned 3603 and 4673 social dwellings respectively, all of which were transferred to North Northamptonshire Council on 1<sup>st</sup> April 2021.

The 2022/23 voids budget for Kettering is as follows:

Revenue £960,000

Capital £400,000

Cleaning £198,000

The Corby budget is presented slightly differently as staff costs are not included:

Voids service provision £266,290

Void properties management £218,592

Voids major works (capital) £100,000

Voids are categorised as either being standard (revenue) or major (capital). In-house teams deal with works funded from revenue, whilst there is a mix of in-house teams and contractors for capital works. Clearance and cleaning of void properties is undertaken by an in-house team at Kettering but is contracted out at Corby. There are not currently any formal turnaround targets for standard and major voids, although weekly meetings take place between Housing Property Services, Tenancy Services and Housing Options to monitor progress and ensure that void properties can be re-let as soon as possible.

The scope of the audit was to provide assurance over the turnaround of housing voids in accordance with appropriate performance targets and to an acceptable standard. In overall terms, the audit confirmed that whilst there are processes in place at both localities to address void properties, there is a need to harmonise the approach taken and improve the records available in respect of pre-inspections, work orders and post-inspections. There is also a requirement to set and report meaningful KPI targets that allow void turnaround times to be effectively monitored.

Based upon the fieldwork completed, the following assurance opinions have been given:

Internal Audit Assurance Opinion	
<b>Control Environment</b>	● <b>Satisfactory</b>
<b>Compliance</b>	● <b>Satisfactory</b>
<b>Organisational Impact</b>	● <b>Moderate</b>

## 4. Rolling risk reviews

- 4.1 As part of this year’s Internal Audit plan, rolling risk reviews have been introduced. These are intended to provide real time assurance to the Committee over the Council’s Strategic Risk Register entries.
- 4.2 The Risk Register was developed further earlier this year and now includes scoring of both inherent and residual risk. The residual risk should reflect the current risk exposure, on the basis of the identified controls in place to manage the inherent risk. As such, reliance is placed on those identified controls to manage the risk to this level. The objective of these rolling risk entry reviews is to confirm that those controls are in place, as stated, and are operating in accordance with the description on the risk register.
- 4.3 The risk selected for review was Risk 1 - Children’s Trust fails to deliver to the agreed standards / failure of the Council’s Intelligent Client Function (ICF). and community due to unplanned incident or emergency.
- 4.4 For the risk entry, evidence of each of the listed controls was reviewed and assigned a RAG (red, amber, green) rating based on the findings. All controls were assessed as ‘green’ – as all appear to be in place and operating as stated. It should be noted that this only confirms that the stated controls are in place and does not give an evidenced assurance over the effectiveness and general management of the stated risk. There remain audit recommendations open in relation to the controls, but this does not impact on the factual accuracy of the controls stated on the register. The full findings are provided in Table 2 on pages 17 to 18.

## 5. Implementation of recommended actions

- 5.1 Where any weaknesses or opportunities for improvement are identified by audit testing, recommendations are made and an action plan agreed with management. These actions are subject to agreed timeframes and owners and implementation is followed up by Internal Audit on a monthly basis.
- 5.2 Since the last Audit and Governance committee meeting, 31 open actions have been confirmed as implemented – an overview is provided in Table 3 of this report. There were 52 recommendations overdue for implementation as at 31<sup>st</sup> March 2023.
- 5.3 To provide the Committee with further detail on high-risk actions which remain overdue for more than three months, full details are provided in Table 4, with latest updates from officers. There are two such actions at this time.

**Table 1: Progressing the Annual Internal Audit Plan**

**KEY**  
Current status of assignments is shown by shading

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
<b>Governance</b>											
Governance of shared / delegated services	Q3							Satisfactory	Satisfactory	Minor	Reported in February 2023
Ethical governance - values	Q2							Consultancy review			Reported in November 2022
Ethical governance – Member Officer protocol	Q3							Good	Substantial	Minor	Reported in February 2023
Oversight of post case review								Covered by external audit in Value for Money work.			
<b>Risk management</b>											
Real time risk assurances	All year							See Table 2 for latest outcomes			

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Risk management and legacy issue support / reporting	All year							Consultancy support			
<b>Corporate compliance with key controls and policies</b>											
Fees and charges	Q1							Satisfactory	Satisfactory	Minor	Reported in November 2022
Procurement compliance – report 1	Rolling							Satisfactory	Good	Minor	Reported in November 2022
Use of temporary staffing / agency workers	Q1										
Performance management	Q4										
PCI DSS compliance	Q4							Delivered as advisory work, given work underway on introduction of new income management system.			See section 3
Contractor health and safety	Q2										
Contract extensions	Q3							Good	Good	Minor	See section 3
<b>Grant claims</b>											



Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Supporting Families	All year							Q1, Q2, Q3 and Q4 submissions signed off for claim.			
Covid Outbreak Management Fund	Q1							Declaration completed			
Homelessness prevention grant								Declaration completed			
Rough Sleeper Initiative	Q1							Declaration completed			
Protect and Vaccinate	Q1							Declaration completed			
Test and Trace	Q1							Declaration completed			
Disabled Facilities Grant	Q2							Declaration completed			
Adult Weight Management Services Grant	Q4							Declaration completed			
Local Transport Capital Funding	Q2							Declaration completed			
<b>Key financial systems</b> - Providing assurance that the Council has made arrangements for the proper administration of its financial affairs, these system audits focus on the systems with the highest financial risk.											
Treasury management	Q1							<b>Substantial</b>	<b>Substantial</b>	<b>Minor</b>	Reported in September 2022

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Creditors	Q4	To be delivered by host authority's internal audit team – Cambridgeshire County Council									
Government Procurement Cards (GPCs)	Q1							Good	Satisfactory	Minor	Reported in September 2022
Debtors	Q4	To be delivered by host authority's internal audit team – Cambridgeshire County Council									
Payroll	Q4	To be delivered by host authority's internal audit team – West Northamptonshire Council									
Main accounting system	Q4										
Bank reconciliations (Q1)	Q1							Good	Good	Minor	Reported in September 2022
Local taxation	Q4										
Housing benefit	Q4										
Pensions	Q4	To be delivered by host authority's internal audit team – West Northamptonshire Council									
Budgetary control	Q4										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
<b>Adults, Health Partnerships and Housing Priorities and Risks</b>											
Direct payments	Q1							<b>Good</b>	<b>Good</b>	<b>Minor</b>	Reported in November 2022
Adult safeguarding	Q4										
Adult Social Care – Target Operating Model	Q1							<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Moderate</b>	Reported in September 2022
Approved Mental Health Professionals	Q3										
Housing repairs	Q3							<b>Limited</b>	<b>Limited</b>	<b>Moderate</b>	See section 3
Housing voids management	Q3							<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Moderate</b>	See section 3
Rent arrears	Q2										
Leisure provision	Q2							<b>Substantial</b>	<b>Good</b>	<b>Minor</b>	Reported in February 2023
Local bank accounts (Adults)	Q4										
External placements	Q3										
Homelessness and Temporary Accommodation	Q4										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
<b>Public Health</b>											
Commissioning and contracting in Public Health	Q3										
<b>Place &amp; Economy Services Priorities and Risks</b>											
S106 monitoring – follow up	Q4										
Management of capital projects	Q3										
Asset management – leases	Q2							<b>Limited</b>	<b>Limited</b>	<b>Moderate</b>	Reported in February 2023
Business continuity	Q4										
Fleet & fuel management	Q3										
Climate change strategy	Q4										
Planning fee income	Q2							<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Minor</b>	See section 3
Waste management service	Q2							<b>Good</b>	<b>Good</b>	<b>Minor</b>	Reported in February 2023
Asset Management – compliance	Q4										




Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Project Management Office (consultancy support)	Q4										As required
<b>Children's and Education services</b>											
Schools thematic audit	Q3										
Children's Trust commissioning and governance	Q4										
Early years providers	Q2							Audit report issued to each nursery school.			
Engagement with schools forum and pro-active support (including Schools Financial Value Standard)	All year							As required			
<b>ICT and Transformation</b>											
ICT – Asset management	Q2							<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Moderate</b>	Reported in September 2022
ICT – Access controls	Q2							<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Moderate</b>	Reported in November 2022

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
ICT – Cyber security	Q2							<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Moderate</b>	Reported in November 2022
ICT – Disaster recovery	Q2										

### The Auditor's Opinion

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
<b>Substantial</b> ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended either no, or only minor, errors have been detected.
<b>Good</b> ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
<b>Satisfactory</b> ●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
<b>Limited</b> ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
<b>No</b> ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

<b>Organisational Impact</b>		
<b>Level</b>		<b>Definition</b>
<b>Major</b>		The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
<b>Moderate</b>		The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
<b>Minor</b>		The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.



**Table 2: Latest risk entry review**

Risk Register Ref.	Risk	Owner
1.	Children's Trust fails to deliver to the agreed standards / failure of the Council's Intelligent Client Function (ICF).	Susan Tanner, Assistant Director of Commissioning

Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
1.	Intelligent Client Function (ICF) is in place and clear governance arrangements set out in the contract with monitoring of performance and financial plans via operations board and strategic board.	● Green	ICF is in place with supporting governance arrangements, as evidenced by the establishment of relevant boards and committees that meet regularly and are formalised through documented Terms of Reference, Agendas and Minutes.  Actions from the 2021/22 internal audit remain subject to ongoing follow up and reporting.
2.	Regular Ofsted monitoring visits will provide independent performance feedback at regular intervals.	● Green	Since the formation of NNC, there have been two monitoring visits by Ofsted in July and November 2021 following up on a previous audit carried out in relation to the legacy county council, both of which noted improvements since the previous inspection.  In addition, an Ofsted inspection took place in October 2022, with the report issued to NNC in November 2022. As confirmed with management, the NCT improvement plan will be updated to incorporate Ofsted feedback and this will be tracked via the Children's Social Care Improvement Board, where NNC is represented. In addition, the Ofsted report went to CLT on 10 <sup>th</sup> January 2023.

Key Control Reference	Key Control	RAG Rating (Red, Amber, Green)	Auditor Comment & Opinion
			<p>Note – a further Ofsted report was issued in March 2023 in relation to fostering.</p> <p>Thus, it is clear that feedback from Ofsted visits is being received, as stated.</p>

RAG Rating Indicator Values & Assurances	
● Red	Control is not present or not currently operating.
● Amber	Control is not operating fully or consistently in line with risk register entry.
● Green	Control in place and evidenced as operating as stated.

**Table 3: Implementation of Audit Recommendations**

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
<b>Actions due and implemented since last Committee meeting</b>	10	77%	18	31%	3	25%	31	37%
<b>Actions due within last 3 months, but not implemented</b>	1	8%	15	26%	7	58%	23	28%
<b>Actions due over 3 months ago, but not implemented</b>	2	15%	25	43%	2	17%	29	35%
<b>Totals</b>	13	100%	58	100%	12	100%	83	100%

**Table 4: ‘High’ priority actions overdue for more than three months**

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Governance of Children’s Trust 2021-22	Children’s Services	<p>Intelligent Client Function</p> <p>To develop a framework for assessing the effectiveness of the Client Function</p>	<p>March 23: On-going.</p> <p>NNC and WNC officers are having meetings with the DfE to discuss current challenges, solutions and the future arrangements for the delivery of the ICF and its functions.</p> <p>Once these are complete Assistant Directors and DCS’s in consultation with NCT will meet to develop options for the future delivery of the ICF and/or its functions which will be presented to Strategic Group for a decision. It should be noted that under the Service Delivery Contract significant change to the ICF’s current model may constitute a Notifiable Change requiring the Secretary of State for Education’s (SoSE) consent as per the Governance Side Agreement between the SoSE and Councils. If options development commences in early April a paper could be presented to Strategic Group in May or a extraordinary meeting could be convened after this but timelines are dependent on an outstanding meeting between WNC and the DfE.</p>	<p>Director of Children’s Services / Assistant Director Commissioning and Partnership</p>	31/08/2022	TBC
Governance of Children’s Trust 2021-22	Children’s Services	<p>Service delivery contract</p> <p>Development of detailed protocols for issues such as unregulated or unregistered placements and Ofsted inspections.</p>	<p>March 23: On-going</p> <p>The ICF continue to work with the Councils and NCT to review and agree amendments to arrangements for ICF assurance of NCT services on behalf of the Councils. The Councils and the ICF have produced a revised set of draft procedures for Unregistered placements which will be tabled for discussion at Operational Group in April 23.</p>	<p>Director of Children’s Services / Assistant Director Commissioning and Partnership</p>	30/09/2022	TBC

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
			<p>Work to develop and agree updated assurance processes including additional data provided by NCT, regular deep dives into thematic areas, refreshing KPI's and targets/tolerances and case tracking completed by ICF staff continues but has been delayed. NCT has commissioned a repeat LGA Peer Review which is due to complete at the end of March 2023 with a report to follow soon after. NCT has also commissioned a review of internal assurance activity due to complete mid April 2023, again with a report to follow soon after. The recommendations and outputs of both reviews will be considered in the context of decisions taken by Strategic Group regarding the future role and structure of the ICF. Once this is complete and a refreshed assurance framework is agreed it will ensure that robust scrutiny and assurance of NCT's activities in delivering services for which the Councils, through respective Directors of Children's Services have statutory responsibilities for. This will ensure that robust scrutiny and assurance of NCT's activities in delivering services for which the Councils, through their respective Directors of Children's Services have statutory responsibilities for. It is hoped that this work will be completed by March 2023. Legal advice will be instructed to support the implementation of this work as and when required.</p>			

## ***Limitations and Responsibilities***

### ***Limitations inherent to the internal auditor's work***

Internal Audit is undertaking a programme of work agreed by the council's senior managers and approved by the Audit & Governance Committee subject to the limitations outlined below.

### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention. As a consequence, the Audit & Governance Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

### ***Internal control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

### ***Future periods***

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.