



Internal Audit Progress Report

January 2022

1. Introduction

1.1 The Public Sector Internal Audit Standards (the Standards) require the Audit and Governance Committee to scrutinise 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 2021/22, as agreed at the July 2021 meeting of the Audit and Governance Committee. As agreed at the last meeting of the Committee, a session was held with three Member representatives of the Committee, including the Chair, and the Head of Internal Audit. The purpose of this session being to refresh the Internal Audit planned coverage for the final quarter and ensure this continues to focus on the Council's key risks and the committee's priorities. As a result of this session the following amendments to the audit plan were agreed and implemented:

- To remove/postpone the following assignments from this year's audit plan:
 - Year end accruals (given overlap with external audit work and timing);
 - Lettings/voids (postpone to 2022/23 making way for higher priority audits in housing, including robust landlord health and safety checks);
 - Rent arrears (overlap with rents audit – to postpone further work until 2022/23);
 - Development Control (postpone to 2022/23, pending ongoing service review);
 - Leisure service contracts (postpone to 2022/23, given lower priority – and, in the meantime, to include an example of a leisure contract in procurement compliance testing);
 - IT interfaces (removed due to sufficient coverage of key interfaces within financial system audits and potential duplication); and
 - Capital projects in Place & Economy (postpone to 2022/23 pending review of Project Management Office arrangements and include an element of capital in the contract management/ procurement audit).

- To add in additional audit coverage of:
 - Home to school safeguarding checks; and
 - Record keeping in relation to legal prosecution files.

2.2 A full copy of the current audit plan is provided as Table 3, on pages 12 to 17 of this report. All assignments have been allocated and the team are expected to achieve the targeted delivery of at least 90% of assignments to at least draft report stage by 31st March 2022.

3. Key findings

3.1 The Internal Audit service has finalised reports in respect of eight assignments from the 2021/22 Internal Audit Plan. The key findings arising from those audits are summarised as follows:

Sundry income

Based on the audit findings, the assurance given over the system design is Good. The Council has appropriate systems in place to support the processing of sundry income including:

- A robust control environment has been set up in ERP Gold to oversee the raising of income activity (e.g. sales orders, subscriptions, credit notes). There is a fully automated process which has built in segregation of duties and workflow to ensure activity is approved in line with the requirements of the Council's Constitution.
- The ICON system is used to automatically match income received in the bank account to a corresponding invoice on ERP Gold. Where a match cannot take place, the income is allocated to either a specific customer or control account for follow up by the Income Processing Team.
- Effective arrangements are in place to ensure that any unidentified income is investigated and then re-allocated to an appropriate customer account or cost centre.

Issues were identified around the use of manual bulk uploads in that whilst acknowledging this is only in use by a relatively small number of departments, (a) it was unclear based on an internal audit review of 2021/22 activity whether the volume and regularity of uploads justify the use of this mechanism as an alternative to ERP Gold, and (b) the process for administering bulk uploads does not enforce applicable approval mechanisms. Actions have been agreed with management in relation to these findings.

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

Internal Audit Assurance Opinion		
Control Environment	●	Good
Compliance	●	Good
Organisational Impact	●	Minor

Debt recovery




Whilst there is an overarching framework to support debt recovery based around a Debt Recovery Team along with appropriate monthly reporting of the Council's debt position, the review has highlighted the following issues:

- The Debt Recovery Team currently operate under the previous strategy and processes of Northamptonshire County Council. Whilst the strategy includes all key aspects of the framework to support debt recovery action, it does require refreshing to reflect current working practices and expectations.
- Whilst arrangements have been implemented within the Debt Recovery Team to deal with payments made to the wrong bank account (e.g. legacy council bank accounts), improvements

are needed to improve timely access to information on such monies and to improve follow up action on those understood to have been paid into legacy accounts.

The level of assurance given to compliance is Satisfactory. This reflects the fact that testing on the debt recovery process generally found (based on ERP Gold records) that timely action was being taken to chase debts and that there was a clear understanding of the status of the debt. However, testing did identify examples where (a) there were delays in the issuing of automated reminder letters; (b) the initial contact with the customer by the Debt Recovery Team was not made on a timely basis; and (c) despite the fact that invoices were up to six months old, in 33% of debt reviewed by Internal Audit, ERP Gold records did not provide a clear reason as to the status of recovery.

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

Internal Audit Assurance Opinion	
Control Environment	 Satisfactory
Compliance	 Satisfactory
Organisational Impact	 Minor

IT Financial control

ERP Gold is an Enterprise Resource Planning System that was implemented initially (by LGSS) for founding partners. The system supported financial and HR processes for the three Councils and continues to do so for the newly formed West and North Northants Councils with effect from 1st April 2021.




The Future Northants Programme made the majority of decisions for services structures and delivery modes, and their blueprints were accepted by both Northamptonshire Councils. The ERP Gold Access Policy and Procedures (last approved in July 2018) therefore continues to apply until it is reviewed and updated to accommodate recent agreed changes to the partnership. The review to the Policy and Procedures was in progress at the time of audit.

Audit testing confirmed that ERP control processes and procedures were being adhered to, in administering access rights on the system. There was evidence of clear roles and responsibilities for Managers, Module owners, Finance Business Partners and the ERP Systems Support team in terms of initial user registration, de-registration, enhanced access rights and monitoring. The responsibility for ensuring that set up details are correct sits with the manager who submits the request.

It is noted that system administration access rights are only assigned to the Business Systems Team and system super user access should be reviewed on a monthly basis.

Sample testing confirmed that access was generally consistent with the relevant user's role. It was noted, however, that a review of module access for Payroll and Accounts Payable identified examples of roles with access rights which were not consistent with the ERP Gold access design principle and these were to be resolved by the Business Services team as soon as possible. A recommendation was agreed to track progress on this.

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

Internal Audit Assurance Opinion		
Control Environment		Good
Compliance		Good
Organisational Impact		Minor

Payroll

The West Northamptonshire Council (WNC) Payroll team operates under the Lead Authority Model and provides services across four separate organisations, including the two new unitary councils of West and North Northamptonshire and associated elections payrolls.




Based on the audit findings, the assurance given to the system design is Good as the Council has a mature set of procedures and controls in place with staff experienced in dealing with the processes to support payroll transactions, including:

- Managers notify starters, leavers and amendments to posts and pay using appropriate forms on the ERP Gold system, which must be accompanied by the correct evidence before processing takes place.
- Only authorised posts can be appointed to on the payroll.
- Sickness absences are input by managers.
- Market supplements are reviewed on a regular basis and must be approved annually.
- Payroll carry out checks on transactions each month prior to and during the processing of each pay run.
- Checks are made on the total payroll figures prior to BACs payments being made.

Assurance given for compliance is Good and reflects the outcomes from sample testing undertaken across several control areas. However, the review has highlighted the following issues that require action:

- There is scope to improve record keeping in relation to amendments to payroll by the HR Transactions team after the month end cut-off date. It is recommended that the payroll checking sheets are reviewed to ensure that any items added following the month end cut-off date are correctly recorded in the following months' data.
- Where service managers do not submit information within the required timeframes, overpayments have occurred. These can lead to an increase in workload to recover the payments, either through payroll or via invoices raised through the Accounts Receivable process. It is recommended that managers are reminded of the need to ensure that payroll changes are submitted in line with published deadlines.

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

Internal Audit Assurance Opinion		
Control Environment		Good
Compliance		Good
Organisational Impact		Minor

Legacy debt

When the Council was established on 1st April 2021, responsibility for recovery of debts outstanding for all sovereign Councils was transferred to North Northamptonshire Council (NNC). This did not include Northamptonshire County Council debt which West Northamptonshire Council took responsibility for. To date, the recovery of legacy debts has been led by the sovereign teams and has not involved the Council's Debt Recovery Team.

The audit sought to establish the current position on legacy debt and actions being taken to recover these monies. It was noted that, whilst effective systems were in place, especially relating to the former Kettering Borough Council debts:

- There was limited evidence of recovery action taken up until July 2021 in respect of any of the three sovereign Councils' debt.
- When recovery action restarted, the approach adopted varied, primarily reflecting previous working arrangements and the impact of the move to the unitary. As such, whilst Kettering had a dedicated team in place to chase debt, East Northamptonshire and Corby required officers in service departments to chase outstanding monies.
- Where departments were required to chase their own debts, there was no monitoring undertaken to ensure they were taking appropriate action.

Despite this, legacy debt had reduced by over 50% in total when compared with the position at vesting day. As at the time of the Audit (November), the outstanding debt was £2.829m.

Work to recover sovereign debts is still in progress and it has been acknowledged that the priority is now on former Corby Borough Council debt, given it accounts for 87% of the current outstanding debt. Whilst the Interim Lead Revenue and Benefits Manager will now be involved in overseeing recovery action in Corby, Internal Audit believe that further work is required to clarify the approach for Corby given the scale of debt activity and the fact that the audit has found gaps in current arrangements resulting in some debt not being chased during the financial year 2021/22.

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

Internal Audit Assurance Opinion	
Control Environment	● Satisfactory
Compliance	● Satisfactory
Organisational Impact	● Minor

Housing allocations

The Council has a duty to ensure that there is a fair and transparent housing allocations policy in place that is consistently applied across North Northamptonshire in respect of the allocation of housing that includes Council owned and housing association dwellings.




The four legacy Councils ran separate housing allocations policies prior to vesting day, although Wellingborough, Kettering and Corby had broadly similar schemes and used a shared IT system called Keyways. East Northamptonshire Council ran a separate policy and IT system that was commissioned to Midland Heart Housing Association. A North Northamptonshire Keyways Housing Allocation

Scheme was developed and agreed by the Shadow Executive in February 2021 to be adopted across North Northamptonshire Council from April 2021.

In overall terms, the audit concluded that a significant amount of work was undertaken prior to vesting day to ensure that a robust Housing Allocations Policy and accompanying procedures was implemented across the four localities previously covered by the Legacy Councils. Sample testing confirmed that all localities were working to the new Policy. There was, however, some evidence of non-compliance to prescribed procedures – for example, in one case there was insufficient evidence on the system to explain why the application was accepted despite there being uncleared previous rent arrears. There was no formal review process to ensure that the Housing Allocations Policy and supporting procedures were being consistently and properly applied across all localities. It has been recommended, and agreed, that quarterly management audits should be introduced.

There also continues to be a backlog of applications to join the Housing Register that is causing the 10-working day target for processing applications to be missed.

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

Internal Audit Assurance Opinion	
Control Environment	 Good
Compliance	 Satisfactory
Organisational Impact	 Minor

S106 monitoring

Section 106 of the Town and Country Planning Act 1990 allows a Local Planning Authority to enter into a legally binding agreement or planning obligation with a landowner in association with the granting of planning permission. These agreements are used to support the provision of services and infrastructure such as highways, recreational facilities, open spaces, education, health and affordable housing.




The responsibility for managing the collection of s106 income at agreed trigger points and deployment of these funds in accordance with conditions stipulated within the agreements has in the interim period been retained by the officers who undertook this role for the legacy Councils. Shortly after North Northamptonshire Council was formed it became apparent that there were issues with the availability, completeness and accuracy of monitoring records in respect of the former Corby Borough Council and this has therefore been raised as an area for specific focus during the audit.

This audit highlighted a number of issues with regard to the processes currently in place for administering s106 Agreements. A summary of the key issues that need to be addressed is as follows:

- Construct an accurate and up-to date master record of all s106 Agreements currently in place in respect of the former Corby Borough Council.
- For each s106 Agreement, including all those that relate to the former Councils, confirm raising of invoices and receipt of income in accordance with trigger points and verify that spend has occurred in a timely fashion in accordance with stipulated conditions.

- Introduce a consistent process and systems for administering, recording and monitoring s106 Agreements across the Council, including documentation of a standard policy and supporting procedures and multi-disciplinary meetings where appropriate.
- Formally define the role and accountability of officers who have responsibility for administering s106 agreements and identify sufficient resources to perform this role across all locations.
- Introduce regular reconciliation of planning and finance records in respect of s106 income and expenditure.
- Implement a formal reporting process to senior management and at committee level that is consistently applied across the Council.

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

Internal Audit Assurance Opinion		
Control Environment		Limited
Compliance		Limited
Organisational Impact		Moderate




Parking income

The audit sought to provide assurance over robust physical security and access controls in respect of cash retained in car park ticket machines and during the collection, transit and banking process; accounting for this income; and monitoring of income levels.

This audit was able to cover sufficient testing in relation to the controls operating in respect of car park income collected from the country side parks and at Kettering. Based on testing, a level of good assurance could be given over the physical and access control environment in these areas. Evidence and documentation required to test the same controls operating in respect of Corby car parks was not received in time to be included in this audit. For this reason, the assurance opinion provided for this audit has been restricted to 'satisfactory assurance' only. Management will be seeking their own assurance that the control environment in place for in respect of income from Corby car parks is operating effectively, particularly in respect of reconciling income received to source documents such as car park machine ticket totals. Recommendations have been agreed in respect of this and will be followed up by Internal Audit.

The testing also highlighted some queries in relation to car park income not being correctly coded and/or not being received into correct bank account – and this requires further investigation by management to review coding of the income and use of holding accounts.

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

Internal Audit Assurance Opinion		
Control Environment		Satisfactory
Compliance		Satisfactory
Organisational Impact		Minor

In addition to the planned audit assignments, the Internal Audit team have also been working on grant verification work in relation to a number of grants paid to Northamptonshire County Council

for 2020/21 - these include Local Transport Capital Block Funding, Travel Demand Management and Home to School grants.

4. *Implementation of recommended actions*

- 4.1 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.
- 4.2 As at 18th January 2022, two open actions have been confirmed as implemented since the last meeting of the Audit and Governance Committee – an overview is provided in Table 4 of this report. There are currently 20 recommendations which are overdue for implementation. Of these, one had been assigned a 'high' priority.
- 4.3 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 5, with latest updates from officers.

5. Investigation activity

5.1 The Counter Fraud team, led by the Council's Head of Internal Audit and Counter Fraud service, are set up to receive and handle referrals regarding allegations of fraud, misconduct and irregularities via a number of channels. There is a fraud reporting mailbox available to internal and external stakeholders, in addition to the whistleblowing procedures and general service referrals.

5.2 All referrals are logged, assessed and allocated to the relevant party for investigation, where appropriate. Included in Table 2 is a summary of referral activity within the service during the financial year to date. Whilst investigations are progressing, it is not appropriate for further details of allegations to be shared at the risk of jeopardising formal investigation outcomes.

Table 2: Investigation statistics to date














Description	Since last update	Financial year to date	Comments
Referrals received to date	7	47	
Breakdown of referral type:			
- Blue badge	1	10	Referrals received via dedicated mailbox and internal intelligence.
- Housing	3	12	
- Revenues discounts	3	10	
- Benefits	-	6	
- Grants	-	2	
- Parking	-	6	
- Agency staff	-	1	
Referrals closed at time of reporting	3	40	
Breakdown of outcomes:			
- Referred to partner agency	-	15	Since last update, one right to buy application has been withdrawn and the associated property is being recovered. This property can then be allocated to a family on the housing waiting list.
- Property/monies being recovered	2	23	
- Advice to service area on controls	-	2	
- No further action following initial enquiries	-	19	
- Right to buy cancelled	1	1	
			There has also been a cancellation of a single person discount (£418 per annum).




















5.3 In addition to the reactive investigation work, the counter fraud officers have also continued working on the implementation of the new Fraud Hub for North Northamptonshire Council. This is a system provided by the Cabinet Office which enables real time matching of data sets and intelligence to identify potential indicators of fraud. The Council signed up to this service and the counter fraud team are prioritising use of the system for the Council's highest fraud risk areas.







Table 3: 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
Governance											
Risk Management strategy	Q1							Strategy adopted and risk management workshop facilitated in June 2021.			
Key Governance Documents, Policies & Records	Q1							No assurance opinion given as no audit testing conducted – rather, gap analysis provided for prioritisation by management.		Reported at Sept 21 meeting	
Assurance opinions and annual reporting for sovereign councils	Q1							Annual reports and opinions presented at July 2021 Audit and Governance Committee meeting			
Risk management – facilitation and coverage	Q1 - 4							Ongoing throughout financial year			
COVID-19 Restart grants	Q2							Grant certification provided to central government			
Financial Management	Q2										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Transformation	Q4										
Key Financial Systems - 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.											
Legacy bank accounts	Q1							Limited 	Limited 	Moderate 	Reported at Sept 21 meeting
Bank reconciliations	Q1							Good 	Satisfactory 	Moderate 	Reported at Sept 21 meeting
General ledger	Q1							Satisfactory 	N/A	Minor 	Reported at Nov 21 meeting
Government Procurement Cards (GPCs)	Q1							Satisfactory 	N/A	Minor 	Reported at Sept 21 meeting
Accounts payable	Q1							Good 	Good 	Minor 	Reported at Nov 21 meeting
Manual interface payments	Q3										Approach amended following delays in project

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Cashflow from sundry income	Q1							Good 	Good 	Minor 	See section 3
Debt recovery	Q1							Satisfactory 	Satisfactory 	Minor 	See section 3
Payroll	Q1							Good 	Good 	Minor 	See section 3
Treasury management	Q1							Good 	N/A	Minor 	Reported at Nov 21 meeting
IT financial controls	Q1							Good 	Good 	Minor 	See section 3
Financial decision making	Q1							Good 	N/A	Minor 	Reported at Nov 21 meeting
Council tax	Q2										
Housing benefits	Q2										
Legacy debts	Q2							Satisfactory 	Satisfactory 	Minor 	See section 3

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Business rates	Q4										
Adults, Communities and Wellbeing Services Priorities and Risks											
Safeguarding vulnerable adults	Q3										
Financial assessments	Q3										
Procurement and contracts audit	Q4										
Housing allocations	Q2							Good 	Satisfactory 	Minor 	See section 3
Housing rents	Q3/4										
Landlord Health and Safety	Q3/4										
Homelessness and temporary accommodation	Q3/4										
Guardianship and Appointees	Q3/4										
Adult social care	Q4										
Place & Economy Services Priorities and Risks											
S106 monitoring	Q2							Limited 	Limited 	Moderate 	See section 3

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Asset / property management	Q2										
Parking income	Q2							Satisfactory 	Satisfactory 	Minor 	See section 3
Taxi licensing	Q3/4										
Procurement and contract management	Q3/4										
Children's services											
Schools thematic review	Q3/4										
Children's Trust commissioning	Q3/4										
Home to School transport	Q4										
Corporate and cross cutting reviews											
Procurement compliance	Q3/4										
ICT – Access controls	Q2										
ICT – Cyber security	Q2										
ICT – Disaster recovery	Q2										

Assignment	Initial timing planned	Not started	Planning	Fieldwork underway	Fieldwork complete	Draft report	Final report / complete	Control Environment	Compliance	Org impact	Comments
Eclipse – social care system	Q3/4										
Pensions	Q3/4										
Human Resources & Health and safety	Q3/4										
Information governance	Q3/4										
Partnership assurances	Q3/4										
Customer services	Q3/4										
Record keeping in relation to legal prosecution files	Q4										
Grant certifications	-										

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
Substantial ●	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.
Good ●	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.
Satisfactory ●	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.
Limited ●	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.
No ●	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.




Organisational Impact		
Level		Definition
Major		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.
Moderate		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.
Minor		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 4: 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
Actions due and implemented since last Committee meeting	-	-	1	14%	1	7%	2	9%
Actions due within last 3 months, but not implemented	-	-	1	14%	-	-	1	5%
Actions due over 3 months ago, but not implemented	1	100%	5	72%	13	93%	19	86%
Totals	1	100%	7	100%	14	100%	22	100%

Table 5: ‘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)
East Northamptonshire Council and Corby Borough Council - Bank Reconciliations (Inherited action)	Finance	To complete all outstanding bank reconciliations.	Both payments and receivables monthly bank reconciliations have been completed for 2019/20 and 2020/21. Minor reconciling items for ENC to be completed around Grant Payments.	Assistant Director of Finance and Accounts	March 2021	February 2022

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.