

## Appendix 4: Compliance with UK Public Sector Internal Audit Standards Action Plan as at 29th March 2018

Action required	Current status	Date
<b>Attribute Standards</b>		
<b>1000 Purpose, Authority and Responsibility</b>		
More completely reference the Code of Ethics and unrestricted access elements' in the Audit Charter for all three clients, at the next update.	This has been included in the Charter presented to the April 2018 Audit Committee.	Implemented
<b>1100 Independence and Objectivity</b>		
<b>1110 Organisational Independence</b>		
Re-establish the one-to-one meetings between the HoIA and the Audit Committee.	This will be built into the 2018/19 meeting cycle for both internal and external auditors.  It will consist of a 15 minute session before the September (for internal audit) and March (for external audit) meetings.	Implemented
Re-consider the Audit Committee's role in the appointment, remuneration and removal of the HoIA.	This is a joint appointment with Southend Borough Council under a Collaborative Working Agreement. Both councils agree that this post should not be a member appointment.  This role will be undertaken by the Director of Finance & Resources at Southend-on-Sea Borough Council and the Head of Resources at Castle Point Borough Council as set out in the new Collaborative Working Agreement.	Implemented
<b>1111 Direct Interaction with the Board</b>		
Re-establish annual Audit Committee performance assessments in line with good practice.	New good practice guidance is due out in March 2018. Once this has been published, an assessment of compliance with it will be produced. This will be considered as part of a wider review of the Council's governance and assurance framework.	HoIA, 31 Dec 2018

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<b>1200 Proficiency and Due Professional Care</b>		
<b>1230 Continuing Professional Development</b>		
Continue with the recruitment programme for professional audit staff during 2017/18.	No further recruitment was undertaken in 2017/18. The current intention is to recruit: <ul style="list-style-type: none"> <li>• internally to the vacant Audit Manager role in April 2018</li> <li>• a new graduate to go through the professional development scheme, to start in the summer.</li> </ul>	HoIA, May 2018
Create and then recruit to the Business Support function that will support both the Internal Audit and Counter Fraud & Investigation Directorate.	The Council now has a team of three who are in the process of taking over the relevant functions from the two teams. This will be reviewed later in the year to determine whether to restructure in order to provide greater flexibility and resilience.	HoIA, Dec 2018
<b>1300 Quality Assurance and Improvement Programme</b>		
Re-introduce cold file reviews when more fully staffed and include a sample of contractor files.	This has now been built into the Audit Strategy presented to Audit Committee in April 2018 and will be implemented as soon as is practical.	To be determined
<b>1311 Internal Assessments</b>		
Reinstate a full set off performance indicators once the team is more fully resourced with in-house staff.	This has now been built into the Audit Strategy presented to Audit Committee in April 2018 and will be implemented as soon as is practical.	To be determined
Reinstate periodic independent review of the self assessment every other year.	This has now been built into the Audit Strategy presented to Audit Committee in April 2018. The next review is due in April 2020.	Implemented

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<b>1312 External Assessments</b>		
Determine the approach to be adopted to undertaking the external assessment.  Present a report to Southend-on-Sea Borough Council's Audit Committee on the proposals for the external review.	This was completed by the Institute of Internal Auditors and reported to the Audit Committee in January 2018.	Implemented
<b>Performance Standards</b>		
<b>2000 Managing the Internal Audit Activity</b>		
<b>2010 Planning</b>		
Update the guidance that sets out how risk in each category within the audit risk assessment, is assessed.	This has been completed as part of the 2018/19 Audit Planning process.	Implemented
Simplify the overall scoring criteria for the audit risk assessment, so that it highlights whether it is a potential audit risk or not (rather than scoring 1 to 4).	This has been completed as part of the 2018/19 Audit Planning process.	Implemented
Summarise the activities considered significant enough to warrant periodic, independent challenge by internal audit.	The internal audit risk assessment has been updated and scored as part of the 2018/19 planning process. Only those activities that score highly on the risk assessment have been considered for inclusion in the Audit Plan.	Implemented
Present the list periodically to senior management and the Audit Committee as part of the audit planning process.	This will form part of the papers presented to support the 2019/20 Audit Plan.	HoIA, Mar 2019
Consider how to split out time allocated to a review on: <ul style="list-style-type: none"> <li>• pure audit work</li> <li>• advice and support.</li> </ul>	This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.	AMs, 31 Dec 2018

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<p>Update the opinion summary contained within the Audit Manual.</p> <p>Produce a version that can be shared with services to explain how judgements are made on the opinion to be given on each audit.</p>	<p>The Audit Manual now contains opinion summaries for both new audits and when audit reports are revisited.</p>	<p>Implemented</p>
<p><b>2030 Resource Management</b></p>		
<p>When resources allow, arrange more regular meetings with individual Group Managers as required, to help progress work in the Audit Plan.</p>	<p>This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.</p>	<p>AMs, 30<sup>th</sup> June 2018</p>
<p><b>2040 Policies and Procedures</b></p>		
<p>Refresh the Audit Manual and supporting forms to reflect:</p> <ul style="list-style-type: none"> <li>• updates in the Standards</li> <li>• current working practices</li> <li>• any issues arising from the independent external assessment.</li> </ul>	<p>This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.</p>	<p>AMs, 31 Dec 2018</p>
<p><b>2050 Co-ordination and Reliance</b></p>		
<p>At all clients, further develop the "other assurance" element of the audit risk assessments particularly with regard to corporate business management processes, as part of the 2018/19 audit planning round.</p>	<p>This work has commenced as part of the Audit Planning process. This will be developed throughout the year as audit work is completed.</p>	<p>AMs, 31 Dec 2018</p>
<p><b>2070 External Service Provider and Organisational Responsibility for Internal Audit</b></p>		
<p>Fundamentally review the budget needed to effectively manage jobs being completed by contractors as part of the 2018/19 Audit Planning process.</p>	<p>For the 2018/19 Audit Plan, the budget for each individual audit that is to be contracted out will allow for the additional time required to adequately support contractors.</p> <p><i>(Also see Standard 2030 about Resource Management).</i></p>	<p>Implemented</p>

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<b>2100 Nature of Work</b>		
<b>2110 Governance</b>		
Assess whether an ethical governance audit should be included in 2018/19 Audit Plan.	The Head of Internal Audit and the Head of Housing and Communities at Castle Point Borough Council are going to undertake a piece of work during 2018/19 to set out the Council's ethical governance framework.  It was decided not to include such a review until this document is in place.	AMs, Risk assess for 2019/20
	Co-ordinate this with any work done by the Counter Fraud & Investigation Directorate to assess the adequacy of the Council's counter fraud, corruption and bribery governance framework (e.g. via Fighting Fraud & Corruption Locally framework or equivalent good practice).	HoIA, 31 Dec 2018
<b>2200 Engagement Planning</b>		
<b>2210 Engagement Objectives</b>		
Make sure that the audit approach makes the links to performance management as part of the planning process.	This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.  <i>(Also see Standard 2040 about Policies and Procedures)</i>	AMs, 31 Dec 2018
<b>2300 Performing the Engagement</b>		
<b>2330 Documenting Information</b>		
Set up a project to check all files and destroy whatever is necessary to comply with the Retention Policy.	The Business Support Team is currently working on this project.	BSM, May 2018

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<b>2400 Communicating Results</b>		
<b>2410 Criteria for Communicating</b>		
<p>Include an instruction in the operational protocol that meetings should always be held to:</p> <ul style="list-style-type: none"> <li>• feedback findings at the conclusion of fieldwork</li> <li>• discuss the draft report.</li> </ul>	<p>Operational protocol documents for in house staff (Audit Management Checklist) and the “Ways of Working” document with contractors are clear about discussing draft reports with clients.</p> <p>Both documents need to be amended to clarify expectations that:</p> <ul style="list-style-type: none"> <li>• findings will be fed back during the audit, so there are no surprises</li> <li>• all auditors will have a final feedback meeting on conclusion of the fieldwork.</li> </ul>	<p>AMs, Jun 2018</p>
<p>Reassess the reporting templates as part of updating the Audit Manual, to see how underlying issues with the Council's governance arrangements could be highlighted.</p>	<p>This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.</p>	<p>AMs, 31 Dec 2018</p>
<b>2420 Quality of Communications</b>		
<p>Build in triggers into the Audit Manual that remind staff to keep clients informed of when reports can be expected and if they are delays in producing them.</p>	<p>Work outstanding is to:</p> <ul style="list-style-type: none"> <li>• amend the Planning, Fieldwork and Reporting sections of the Audit Management Checklist for in house staff</li> <li>• added this to the “Ways of Working” document with contractors.</li> </ul> <p><i>(Also see Standard 2030 About Resource Management regarding monitoring delivery of work which also contributes to this action).</i></p>	<p>AMs, Jun 2018</p>

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Reinstate target for issuing draft reports once the team is more fully resourced.	This has now been built into the Audit Strategy presented to Audit Committee in April 2018 and will be implemented as soon as is practical.	To be determined
Complete the project on upgrading / refreshing how we use APACE, our time recording / performance management data base.	The Business Support Team is currently working on this project.	BSM, Apr 2018
Use APACE effectively to timetable the delivery of audits and monitor progress against both budgets and timelines.	The Business Support Team is currently working on this project.	BSM, Apr 2018
Finalise the draft audit opinion guidance for new audits.	This has been done and included in the Audit Manual.	Implemented
Produce new guidance on opinions for follow up audits.	This has been done and included in the Audit Manual.	Implemented
Include a requirement in the Audit Manual about: <ul style="list-style-type: none"> <li>• issuing the guidance to and discussing it with clients within the draft terms of reference</li> <li>• attaching it as an appendix to the report.</li> </ul>	This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.	AMs, 31 Dec 2018
<b>2431 Engagement Disclosure of Non- Conformance</b>		
Consider updating the Audit Manual with a small section covering this particular situation and referencing PS2431.	This is still work in progress. It will take longer than anticipated to complete due to the changes in the senior management team between Jan and Mar 2018.	AMs, 31 Dec 2018
<b>2500 Monitoring Progress</b>		
Introduce the process for management to provide the Audit Committee with this assurance for reports with high and satisfactory audit opinions.	The Business Support Team is currently working on this project with company officers.	BSM, May 2018
Finalise the arrangements for reporting to Audit Committee on management sign off of action plans for audit reports with high or satisfactory opinions.	The Business Support Team is currently working on this project with company officers.	BSM, May 2018

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Design the content and format of a report to go to Audit Committee, for each client that shows the progress made by services in addressing agreed actions, for each live audit report.	The Business Support Team is currently working on this project with company officers.	BSM, May 2018

Key:

- HoIA, Head of Internal Audit
- AM, Audit Manager
- BSM, Business Support Manager