

Appendix 4: Compliance with UK Public Sector Internal Audit Standards Action Plan (SBC Version) as at 12 July 2019

| Action required | Current status | Date |
|---|---|---------------|
| Attribute Standards | | |
| 1100 Independence and Objectivity | | |
| <i>1111 Direct Interaction with the Board</i> | | |
| Re-establish annual Audit Committee performance assessments in line with good practice. | <p>New good practice guidance was published in May 2018.</p> <p>Good practice workshop undertaken with the Audit Committee in September 2018.</p> <p>An assessment of compliance with CIPFA’s best practice expectations undertaken at the end of 2018/19, report with proposed actions being taken to Audit Committee in July 2019.</p> | HoIA, Ongoing |
| 1200 Proficiency and Due Professional Care | | |
| <i>1230 Continuing Professional Development</i> | | |
| Continue with the recruitment programme for professional audit staff during 2017/18. | <p>No further recruitment was undertaken in 2017/18.</p> <p>During 2018/19:</p> <ul style="list-style-type: none"> - Head of Internal Audit was appointed from July to replace the previous incumbent who left at the end of May - a Senior Auditor on the team was promoted to Audit Manager - a current Council employee has been seconded into an Audit trainee role and has now been made permanent - a campaign to recruit a Senior Auditor and an Auditor has made appointments to both roles. <p>The next step will be to reconsider how the resources available can be configured into the most appropriate team model.</p> | HoIA, Ongoing |

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| <p>Create and then recruit to the Business Support function that will support both the Internal Audit and Counter Fraud & Investigation Directorate.</p> | <p>The Business Support Team is in the process of taking over the relevant functions from the two teams.</p> <p>The capacity of the team to deliver the increased workload is being monitored.</p> <p>Subsequent changes to the team have necessitated another round of recruitment.</p> | <p>HoIA, Ongoing</p> |
| 1300 Quality Assurance and Improvement Programme | | |
| <p>Re-introduce cold file reviews when more fully staffed and include a sample of contractor files.</p> | <p>This has now been built into the Audit Strategy presented to Audit Committee in March 2019 and will be implemented as soon as is practical.</p> <p>This is not currently a priority due to the positive outcome of the PSIAS Inspection in October 2017, but will be introduced when there is sufficient resource in the team.</p> | <p>HoIA, Ongoing</p> |
| 1311 Internal Assessments | | |
| <p>Reinstate a full set off performance indicators once the team is more fully resourced with in-house staff.</p> | <p>This has now been built into the Audit Strategy presented to Audit Committee in March 2019 and is now being implemented.</p> | <p>Implemented</p> |
| Performance Standards | | |
| 2000 Managing the Internal Audit Activity | | |
| 2010 Planning | | |
| <p>Summarise the activities considered significant enough to warrant periodic, independent challenge by internal audit.</p> <p>Present the list periodically to senior management and the Audit Committee as part of the audit planning process.</p> | <p>This was part of the papers drawn up to support the 2019/20 Audit Plan.</p> | <p>Implemented</p> |

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| Consider how to split out time allocated to a review on: <ul style="list-style-type: none"> • pure audit work • advice and support. | The time recording system has been amended to capture advice and support given throughout audits. | Implemented |
| <i>2030 Resource Management</i> | | |
| When resources allow, arrange more regular meetings with individual Group Managers as required, to help progress work in the Audit Plan. | These sessions have been taking place throughout 2018/19 as audits have been planned and set up. This work will continue. | AMs, Ongoing |
| <i>2040 Policies and Procedures</i> | | |
| Refresh the Audit Manual and supporting forms to reflect: <ul style="list-style-type: none"> • updates in the Standards • current working practices • any issues arising from the independent external assessment. | Most of this work is still in progress. It will take longer than anticipated to complete due to the changes in the senior management team. Work is also needed to update the Audit Manual to ensure the audit approach will be compliant with the General Data Protection Regulations (GDPR) from May 2018. | AMs, Ongoing |
| <i>2050 Co-ordination and Reliance</i> | | |
| 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. | This work commenced as part of the Audit Planning process in 2018/19. This has been developed throughout the year as audit work is completed and as part of the 2019/20 audit planning process. | AMs, Ongoing |

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| 2100 Nature of Work | | |
| 2110 Governance | | |
| Assess whether an ethical governance audit should be included in 2018/19 Audit Plan. | This was considered as part of the audit planning for 2019/20, and will remain on the issues to be considered for inclusion at each planning assessment. | HoIA, ongoing |
| 2200 Engagement Planning | | |
| 2210 Engagement Objectives | | |
| Make sure that the audit approach makes the links to performance management as part of the planning process. | <p>The audit planning form requires auditors to consider what criteria or measures of success management have established to determine whether the activity’s objectives are being achieved.</p> <p>Focus is being given to assess the effectiveness and appropriateness of these measures in future audits.</p> | Implemented |

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| 2300 Performing the Engagement | | |
| 2330 Documenting Information | | |
| <p>Set up a project to check all files and destroy whatever is necessary to comply with the Retention Policy.</p> | <p>This project is well underway with document disposal and retention work being undertaken on all client files.</p> <p>Disposal of paper files is complete and the review of electronic files continues.</p> <p>The team are awaiting the publication of a corporate retention schedule detailing requirements around personal data held in areas such as electronic personnel files.</p> <p>A Disposal and Retention Log is in use, which also serves as the service's Information Asset Register.</p> | <p>Implemented</p> |
| 2400 Communicating Results | | |
| 2410 Criteria for Communicating | | |
| <p>Include an instruction in the operational protocol that meetings should always be held to:</p> <ul style="list-style-type: none"> • feedback findings at the conclusion of fieldwork • discuss the draft report. | <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"> • findings will be fed back during the audit, so there are no surprises • all auditors will have a final feedback meeting on conclusion of the fieldwork. | <p>Implemented</p> |

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| <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 will be reassessed after senior management have undertaken the review of the risk management, control and governance arrangements that is due following the introduction of the council's new vision and strategic framework.</p> <p>This is still work in progress.</p> | <p>AMs, Ongoing</p> |
| <p>2420 Quality of Communications</p> | | |
| <p>Build triggers into the Audit Manual that remind staff to keep clients informed of when reports can be expected and if there are delays in producing them.</p> | <p>Work has been undertaken to:</p> <ul style="list-style-type: none"> • amend the Planning, Fieldwork and Reporting sections of the Audit Management Checklist for in house staff • add this to the "Ways of Working" document with contractors. <p><i>(Also see Standard 2030 About Resource Management regarding monitoring delivery of work which also contributes to this action).</i></p> | <p>Implemented</p> |
| <p>Reinstate target for issuing draft reports once the team is more fully resourced.</p> | <p>This has now been built into the Audit Strategy presented to Audit Committee in April 2018 and will be a focus of the team from now on.</p> | <p>Implemented</p> |
| <p>Complete the project on upgrading / refreshing how we use APACE, our time recording / performance management data base.</p> | <p>This work has been paused whilst the Business Support Manager reviews the list of improvements and changes required to the database's functionality with the new Head of Internal Audit.</p> | <p>BSM, Ongoing</p> |

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| <p>Use APACE effectively to timetable the delivery of audits and monitor progress against both budgets and timelines.</p> | <p>APACE, in conjunction with the Internal Audit Resource Schedule, is now being used to:</p> <ul style="list-style-type: none"> • allocate, phase and cost audits • allow the Business Support Team to monitor the delivery of audits against both the Audit Plan and the financial profile. <p>Reports on job budget monitoring are being provided to the team on a weekly basis.</p> <p>Opportunities to do this more effectively are being considered in the projected noted above.</p> | <p>Implemented</p> |
| <p>Include a requirement in the Audit Manual about:</p> <ul style="list-style-type: none"> • issuing the guidance to and discussing it with clients within the draft terms of reference • attaching it as an appendix to the report. | <p>This is now being included in the report as part of the opinion section.</p> | <p>Implemented</p> |
| <p><i>2431 Engagement Disclosure of Non-Conformance</i></p> | | |
| <p>Consider updating the Audit Manual with a small section covering this particular situation and referencing PS2431.</p> | <p>This is still work in progress.</p> | <p>AMs, Ongoing</p> |

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| 2500 Monitoring Progress | | |
| 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 Council officers. | BSM, Ongoing |
| 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 Council officers. | BSM, Ongoing |
| 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 Council officers. | BSM, Ongoing |

Key:

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