

Appendix 4: Compliance with UK Public Sector Internal Audit Standards Action Plan (SBC Version) as at 31 July 2020

Action required	Current status	Date
Attribute Standards		
1100 Independence and Objectivity		
1111 Direct Interaction with the Board		
Re-establish annual Audit Committee performance assessments in line with good practice.	<p>New good practice guidance was published in May 2018. 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 was taken to Audit Committee in July 2019.</p>	HoIA, Ongoing
1200 Proficiency and Due Professional Care		
1230 Continuing Professional Development		
Continue with the recruitment programme for professional audit staff during 2017/18.	<p>During 2019/20 both an Auditor and Senior Auditor were recruited and work has been underway to integrate them into the in-house team.</p> <p>The Salaries of the three remaining vacant posts are currently being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.</p> <p>The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further deliberations to take place both at an industry and local level. This continues to be monitored and assessed to determine the most appropriate team model utilising the financial resources available. Once the current team resourcing and integration activities are complete, revised arrangements will be implemented to</p>	HoIA, Ongoing

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	provide an appropriate mix of experienced staff, trainees who will be put through a relevant training programme and externally sourced skills. This will enable the team to deliver the internal audit service required by the organisations that it serves.	
Create and then recruit to the Business Support function that will support both the Internal Audit and Counter Fraud & Investigation Directorate (CFIT).	During 2019/20 the shared service with Thurrock Council for the delivery of the CFIT ended and the service was brought back in-house. Work is underway to re-design the service to meet the current needs of both Southend Borough Council and South Essex Homes. The capacity of the Business Support team to deliver the amended workload will continue to be monitored.	Completed March 2019
1300 Quality Assurance and Improvement Programme		
Re-introduce cold file reviews when more fully staffed and include a sample of contractor files.	This action has been re-assessed and deemed not to be necessary at the current time due to: <ul style="list-style-type: none"> - files for inhouse audits being subject to detailed review at the time of the audit, ahead of findings being finalised. - contractor work being subject to suitable challenge and scrutiny by both AM and HOIA ahead of reporting to the business. 	No longer being pursued at the current time
1311 Internal Assessments		
Reinstate a full set off performance indicators once the team is more fully resourced with in-house staff.	This was built into the Audit Strategy presented to Audit Committee in April 2020. Compliance continues to be monitored and reported to Audit Committee on a regular basis.	Implemented

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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 2020/21 Audit Plan.</p>	<p>Implemented</p>
<p>Consider how to split out time allocated to a review on:</p> <ul style="list-style-type: none"> • pure audit work • advice and support. 	<p>The time recording system has been amended to capture advice and support given throughout audits.</p>	<p>Implemented</p>
2030 Resource Management		
<p>When resources allow, arrange more regular meetings with individual Group Managers as required, to help progress work in the Audit Plan.</p>	<p>These sessions have been taking place throughout 2019/20 as audits have been planned and set up. Since Covid-19, regular catch ups with the business are taking place via Microsoft TEAMS.</p>	<p>AMs, Ongoing</p>
2040 Policies and Procedures		
<p>Refresh the Audit Manual and supporting forms to reflect:</p> <ul style="list-style-type: none"> • updates in the Standards • current working practices • any issues arising from the independent external assessment. 	<p>Some of this work is still in progress. It will take longer than anticipated to complete due to the changes in the senior management team.</p> <p>Work is also needed to update the Audit Manual to ensure the audit approach is compliant with the General Data Protection Regulations (GDPR) and reflects the actual procedures now followed by the team.</p>	<p>AMs, Ongoing</p>

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2050 Co-ordination and Reliance		
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 is now established as part of the Audit Planning process. This has also been developed throughout the year as audit work is completed.	AMs, Ongoing
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 2020/21, 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.	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. Focus is being given to assess the effectiveness and appropriateness of these measures in future audits.	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>Document disposal and retention review has been completed on all historic client files. From 2019/20 all files have been checked during the audit closedown process to ensure compliance.</p> <p>A refreshed HR Retention Schedule has been published and work is currently focused on disposing of personnel related Personal Data held in electronic personnel files.</p> <p>A Disposal and Retention Log is in use.</p>	<p>Implemented and ongoing</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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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.	This will be reassessed after senior management have undertaken the review of the risk management and governance arrangements that is currently underway as part of the Transforming Together programme.	AMs, Ongoing
2420 Quality of Communications		
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.	Work has been undertaken to: <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. <i>(Also see Standard 2030 About Resource Management regarding monitoring delivery of work which also contributes to this action).</i>	Implemented
Reinstate target for issuing draft reports once the team is more fully resourced.	A tracking system has been implemented and this target will be reported on for audits undertaken in 2020/21 onwards.	Implemented and ongoing
Complete the project on upgrading / refreshing how we use APACE, our time recording / performance management data base.	Current time recording system has been reviewed and is considered adequate.	Implemented

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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 all reports.</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. It will take longer than anticipated to complete due to the changes in the senior management team.</p> <p>In addition, a prompt will be included in the reporting template to ensure any incidents of non-conformance have been considered and managed in line with audit manual guidance.</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 Officer and Auditor are currently working on this project with Council officers that operate the Pentana system to identify an automatic reporting process from Pentana.	BSM and Auditor, 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 Officer and Auditor are currently working on this project with Council officers that operate the Pentana system to identify an automatic reporting process from Pentana.	BSM and Auditor, 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 Officer and Auditor are currently working on this project with Council officers that operate the Pentana system to identify an automatic reporting process from Pentana.	BSM and Auditor, Ongoing

Key:

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