

Appendix 1 – Action Plan – Internal Audit 2008/09

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	<Recommendation Title>					
9	R1 Strengthen the independence of internal audit <ul style="list-style-type: none"> Review the structure of the Internal Audit department and in particular management and reporting lines and ensure it is shown on the Council's organisation chart. Consider the results of the IA survey in relation to independence 	2	Director of Finance	Yes	The structure of Internal Audit (IA) is continuously reviewed. See also R4 below. We shall show IA on the Council's organisation chart at the next review of the constitution.	30/6/2010
10	R2 Strengthen arrangements for ensuring ethical standards are met <ul style="list-style-type: none"> Consider the results of the survey in respect of improving trust and confidence Improve internal audit knowledge of: the organisation's aims, objectives, risks and governance arrangements the purpose, risks and issues of the service area 	2	Deputy Director of Finance and Chief Internal auditor	Yes	We consider the ethics of Internal Audit staff are excellent and their knowledge the service areas and the Council's aims as whole are good. It always possible to improve knowledge. The Deputy Director met all staff individually as part of a series of departmental roadshows during Summer /Autumn 2009 to explain organisational aims and objectives. This is	

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
					<p>also an integral part of corporate and departmental induction processes.</p> <p>All audit staff are involved in the development of the Annual Internal Audit Section Plan which supports the Corporate and Departmental Plans. Consequently, all Audit staff are aware of Corporate aims and objectives.</p> <p>Audit staff will be encouraged to continue to build effective working relationships with services, whilst retaining independence. All audit managers attend service department management meetings, initially as part of the planning process, We shall develop this, with a view to acquiring more detailed knowledge of the service, as part of the implementation of the 2010/11 Plan.</p>	30/6/2010
12	R3 Carry out an annual review of the effectiveness of the Audit and Risk Management Committee to demonstrate how it has strengthened the Council's control environment.	2	Director of Finance, Chair of ARMC	Yes	<p>Already undertaken. As considered by the Audit and Risk Management Committee (A&RMC) on 29 June 2009, the Chair – on behalf of the Committee – had undertaken an evaluation of the role and effectiveness of the A&RMC as part of the annual Review of the System of Internal Audit.</p> <p>This process was enhanced by the A&RMC which endorsed a report on the actions resulting from the evaluation on 25 November</p>	

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
					2009. A&RMC further resolved that a formal report on its work and performance be undertaken for submission to Cabinet at the end of the municipal year.	30/6/2010
13	R4 Review the organisational structure and staffing of Internal Audit to ensure that it is at an appropriate level to give a safe opinion to management and members on the control environment.	3	Director of Finance/Head of Human Resources	Yes	Financial resources will always limit the ability to achieve ideal structures in all sections. The Audit Plan is dynamic and is subject to amendments as further risks, which may affect the 'safety' of the assurance opinion, are identified. The Plan, taking into account the whole of the identified risk environment – is reported to and monitored by A&RMC. As is clearly stated in each Internal Audit Work Report, "it is the deliberate policy of the Internal Audit Section to ensure all high and intermediate risk audits are completed during the year". Current staffing levels enable this, however it is subject to continuous review and reporting, and the associated risks are managed accordingly. Adequate staffing is also needed to conduct other work that is valuable to the Council.	31/3/2010
13	R5 Review the factors that may be hindering the recruitment and retention of	2	Director of Finance/Head of	Yes	Job Evaluation being conducted by HR.	30/6/2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	appropriate staff		Human Resources			
14	<p>R6 The CIA should strengthen the approach to determining the strategy and risk based planning to focus on including work in the plan to ensure he can demonstrate how he meets his responsibility to provide a safe opinion to the organisation on the control environment. The planning process should take account of:</p> <ul style="list-style-type: none"> the adequacy and outcomes of the organisation's risk management performance management and other assurance processes Internal Audit's independent risk assessment stakeholders views - they should be consulted on the draft plan - but should not determine it the resources required to deliver the strategy and plan. <p>The Plan should differentiate between assurance and other work.</p>	3	Chief Internal Auditor	Yes	<p>We agree the principles of the planning process outlined in the recommendation.</p> <p>However, the current planning process does not take account of the issues listed and we shall consider how it can be improved during the current planning process.</p> <p>Consideration will be given to revising the presentation of the Audit Plan to highlight the work to enable an opinion on the control environment to be given.</p> <p>The Plan is already prioritised.</p> <p>See also R4.</p>	<p>31/3/2010</p> <p>31/3/2010</p>
15	R7 Ensure key issues are consistently brought to the attention of the relevant manager during assignments to enable them to take corrective action and to avoid any surprises at the end of the audit	1	Chief Internal Auditor	Yes	There are no cases of failure to draw such matters to manager's attention but will develop working papers to record occasions when such action is taken.	31/3/2010
15	R8 Spread good practice with regard to testing schedules, such as those used in	1	Chief Internal Auditor	Yes	Testing schedules are part of the standard working papers in Internal Audit . They will be reviewed to ensure best practice is	31/3/2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	the "payroll procedures" file.				consistently followed.	
16	R9 Consider what training is required to improve auditor consideration of evidence, audit skills and judgement.	2	Chief Internal Auditor	Yes	We consider audit skills level in all aspects to be high but always seek to improve.	31/3/2010
16	R10 Review the format of and information contained in the Annual Report to clearly show the actual work completed against the planned work, differentiate between assurance and other work and how quality targets have been met.	2	Chief Internal Auditor	Yes	All Annual Reports have been well received by all stakeholders. They will be consulted on possible improvements as part of the review.	31/3/2010
17	R11 Ensure all reports are quality assured before being finalised and reported to members.	2	Chief Internal Auditor	Yes	All Committee reports from Internal Audit are quality assured by the CIA, Deputy Director and Director of Finance. Depending upon the content , other officers and Directors conduct quality assurance as well. Consideration will be given to any possible improvements.	31/3/2010
17	R12 Ensure adequate supervision and review of all work.	2	Chief Internal Auditor	Yes	All work is supervised and reviewed as appropriate but all managers will be reminded concerning documentation of reviews.	31/3/2010