

Report of the Assistant Director of Finance and Procurement to the meeting of the Governance and Audit Committee to be held on 29 November 2018.

V

Subject:

INTERNAL AUDIT PLAN 2018/19 – MONITORING REPORT AS AT 30 SEPTEMBER 2018 INCLUDING THE RESPONSE TO THE EXTERNAL REVIEW OF INTERNAL AUDIT

Summary statement:

This report monitors the progress made by Internal Audit against the Internal Audit Plan for 2018/19 as at 30 September 2018. The report includes an update on progress made in implementing the recommendations of the external review of Internal Audit.

Andrew Crookham
Director of Finance

Portfolio

Leader of Council and Corporate Portfolio

Report Contact: Mark St Romaine
Phone: (01274) 432888

Improvement Area:

E-mail:
mark.stromaine@bradford.gov.uk

Corporate

1. SUMMARY

- 1.1 The purpose of this report is to bring to the attention of members of the Governance and Audit Committee (G&AC) any significant issues arising from the audit work undertaken to date and to inform them about the progress made up to 30 September 2018, against the Internal Audit Plan, which was approved by the Committee on 28 June 2018. In addition the report includes an update on progress made in implementing the recommendations of the external review of Internal Audit.

2. BACKGROUND

- 2.1 Internal Audit is part of Financial Services within the Department of Corporate Resources. This is the half year monitoring report on the Internal Audit Plan for 2018/19. This is detailed in Appendix 1. The overall Audit Opinion is that from the audit work performed to date, Internal Audit concludes that the Council's overall control framework is mostly effective.

- 2.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.

The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations.

- 2.3 In February 2018 the Internal Audit Service underwent an external review to determine the level of compliance with Public Sector Internal Audit Standards. This resulted in a Quality Assurance Improvement Plan (QAIP) which will be implemented by December 2018 to ensure the Service is fully compliant with the standards. An update of progress against the QAIP is included in the report.
- 2.4 One of the key findings of the peer review was to recommend an increase in the staffing levels on the team, and therefore the overall capacity of the audit plan. There has been significant progress in this area with the successful recruitment of four new Senior Auditors to the department. In order to facilitate the further implementation of the QAIP a revised Internal Audit Charter will be presented to the Governance and Audit Committee on January 29th 2019. This report will also include the conclusion of the Internal Audit recommendation follow up exercise.
- 2.5 It should also be noted that CIPFA have suggested they will be updating the Local Government Application Note which details how Public Sector Internal Audit Standards should operate within the Council. CIPFA also intends to update their advice on the Role Of the Head of Internal Audit. No dates for the publication of these revisions has been set.

3. OVERVIEW AND SCRUTINY COMMITTEE CONSIDERATION

- 3.1 Not Applicable.

4. OTHER CONSIDERATIONS

4.1 There are no other considerations.

5. **OPTIONS**

5.1 Not applicable

6. **FINANCIAL AND RESOURCE APPRAISAL**

6.1 The work of Internal Audit adds value to the Council by providing management with an assessment on the effectiveness of internal control systems, making, where appropriate, recommendations that if implemented will reduce risk and deal with financial uncertainty.

7. **RISK MANAGEMENT**

7.1 The work undertaken by Internal Audit is primarily concerned with examining risks within various systems of the Council and making recommendations to mitigate those risks. Consideration was given to the corporate risk register when the Audit Plan for 2018/19 was drawn up and any issues on the risk register that relate to an individual audit are included within the scope.

7.2 The key risks examined in our audits are discussed with management at the start of the audit and the implementation of recommendations is followed up with Strategic Directors.

8. **LEGAL APPRAISAL**

8.1 The Accounts and Audit Regulations for 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. These standards are detailed in the Public Sector Internal Audit Standards supported by CIPFA's Local Government Application Note.

9. **OTHER IMPLICATIONS**

9.1 **Equality and Diversity**

Internal Audit seeks assurance that the Council fulfils its responsibilities in accordance with its statutory responsibilities and its own internal guidelines. When carrying out its work, Internal Audit reviews the delivery of services to ensure that they are provided in accordance with the formal decision making process of the Council.

9.2 **Sustainability Implications**

When reviewing Council Business, Internal Audit examines the sustainability of the activity and ensures that mechanisms are in place so that services are provided within the resources available

9.3 **Greenhouse Gas Emissions Impacts**

There are no impacts on Gas Emissions.

9.4 **Community Safety Implications**

There are no direct community safety implications.

9.5 **Human Rights Act**

There are no direct Human Rights Act implications.

9.6 **Trade Union**

There are no implications for the Trade Unions arising from the report.

9.7 **Ward Implications**

Internal Audit will undertake specific audits through the year which will ensure that the decisions of council are properly carried out.

9.8 **Implications for Corporate Parenting**

None

9.9 **Issues Arising from Privacy Impact Assessment**

None

10. **NOT FOR PUBLICATION DOCUMENTS**

10.1 None.

11. **RECOMMENDATIONS**

That the Governance and Audit Committee:

11.1 Takes assurance from the results to date that show that the control environment of the authority is overall satisfactory.

11.2 Endorse the anticipated coverage and changes of Internal Audit work during the year.

11.3 Requires Internal Audit to monitor the control environment and continues to assess areas of control weakness and the ability of management to deliver improvements to the control environment when required.

12. **APPENDICES**

Appendix 1 – Internal Audit Plan for 2018/19 – Monitoring Report as at 30th September 2018.

13. **BACKGROUND DOCUMENTS**

13.1 G&AC report dated 28 June 2018 – Internal Audit Plan 2018/19.

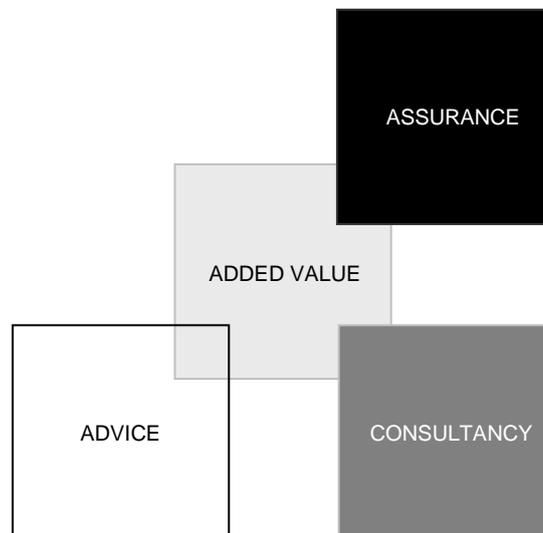
Internal Audit



INTERNAL AUDIT PLAN 2018/19

MONITORING REPORT

AS AT 30.09.18.



1 INTRODUCTION

- 1.1 The Internal Audit Annual Plan for 2018/19 was approved by the Governance and Audit Committee (G&AC) at its meeting on 28 June 2018. This report is the half year monitoring report for this financial year. It identifies the progress made against the Internal Audit Plan up until 30 September 2018 and identifies any significant audit issues arising.
- 1.2 The report enables the Council to demonstrate compliance with the Public Sector Internal Audit Standards (PSIAS). These require the Head of Internal Audit to report periodically to the Governance and Audit Committee on Internal Audit's activity, purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested either by senior management or the Governance and Audit Committee.
- 1.3 The PSIAS also require the Head of Internal Audit to communicate the Internal Audit activity's plans and resource requirements, including significant interim changes, to the Governance and Audit Committee, including any impact of resource limitations

2 RESOURCES

2.1 Increase in Audit Resources

The Internal Audit Plan for 2018/19 has 399 days (21%) more capacity than in 2017/18 (2276 days v 1877 days). The net increase is due to the full year effect of one member of staff leaving the Authority, the planned recruitment of four full time Senior Auditors expected to be in post by 1.10.18 and the procurement of 60 computer audit days.

The Audit Plan includes time for the management of insurance, information governance, risk management and accountancy support, which absorb 264 days (11%) of the available planned 2276 days. In addition, a further 255 days is in the Audit Plan for auditing the West Yorkshire Pension Fund. The net audit days currently provided to Bradford Council in 2018/19 is 1757 days.

2.2 MK Insight

MK Insight is an integrated Internal Audit ICT package produced by Morgan Kai that delivers the full range of Internal Audit functionality from planning, to reporting, including time recording and working paper preparation. The Internal Audit Team commenced using MK Insight in January 2017. MK Insight is now used by Audit Management to produce the Internal Audit Plan and by all staff to perform audits, report their findings and deliver the 2018/19 audit plan.

The following up of audit recommendations and the reporting of performance via MK Insight are currently under development.

3 SERVICE DELIVERY

3.1 Audit Coverage

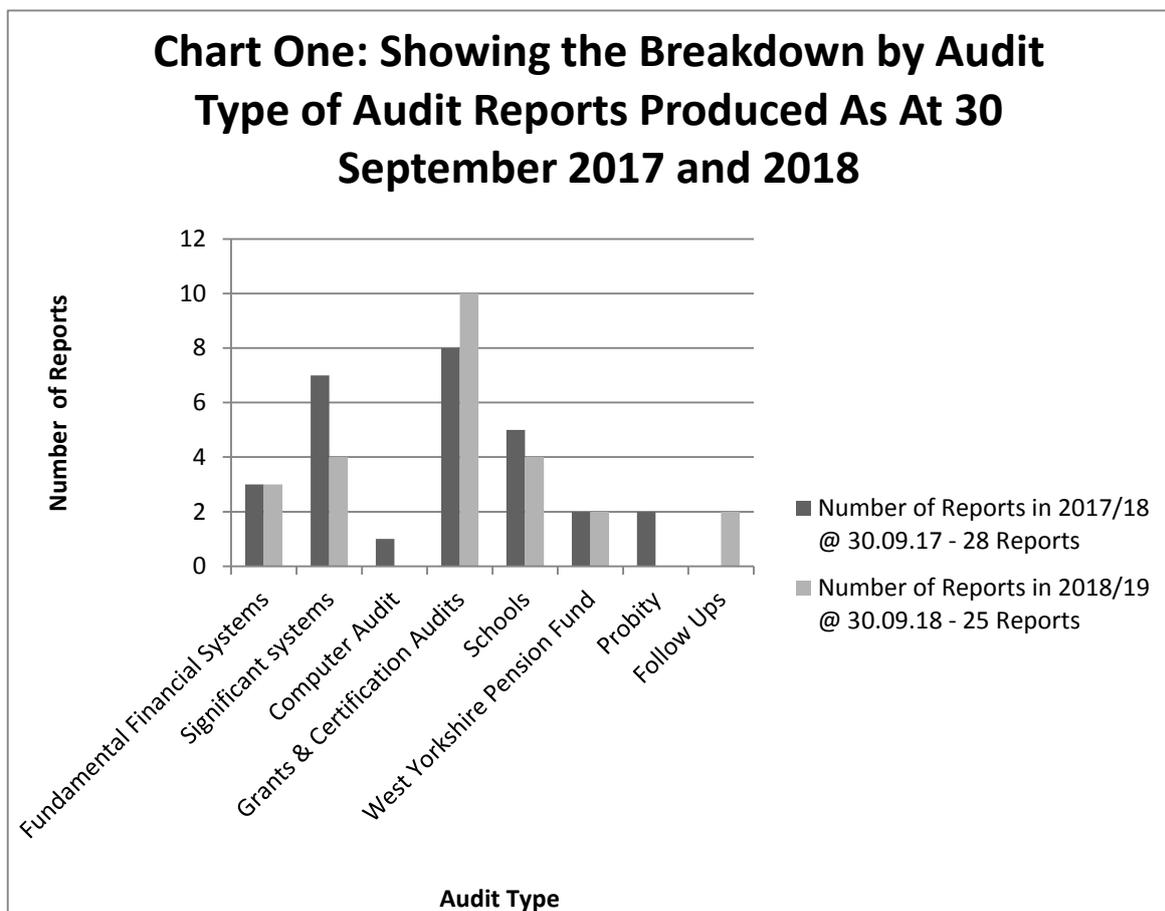
As at 30 September 2018, 39% of the 2018/19 audit plan has been completed compared to last year when 38% of the 2017/18 audit plan had been completed by this time.

Currently, it is forecast that Internal Audit will achieve its target level of 90% completion of the audit plan by the end of the financial year. This forecast assumes, however, that there are no significant unforeseen audit issues and unplanned work in the second half of 2018/19.

3.2 Reports Issued

All Internal Audit assignments result in an Audit Report that identifies the audit coverage, findings from the audit, risks arising from identified control weaknesses and prioritised audit recommendations. Chart One below shows that as at 30 September 2018 a total of 25 reports have been issued, which compares with 28 at this time last year. The chart shows a breakdown of the reports by audit type.

The reduction in the number of reports issued is due to the service having reduced resources at the start of the year and involvement in investigations.



3.3 Control Environment

The following table details the opinions from those audits over the last two years where an appraisal of the overall system could be obtained. As can be seen the proportion of reports assessed as either satisfactory, good or excellent opinions is generally consistent over time and account for approximately 80% of the opinions reached. Whilst reassuring, this is as expected as Internal Audit's core focus is on fundamental and significant systems. Further, Internal Audit's work includes an increasing proportion of grant certification and West Yorkshire Pension Fund audits, both of which have a track record of being generally well controlled.

Table One: Six Monthly Analysis of Audit Opinions raised in Internal Audit Reports issued in the Period 1 October 2016 to 30 September 2018

Opinions	1 Oct 2016 and 31 March 2017		1 April 2017 and 30 Sept 2017		1 Oct 2017 and 31 March 2018		1 April 2018 and 30 Sept 2018	
	Total	Proportion	Total	Proportion	Total	Proportion	Total	Proportion
Excellent/Effective*	8	25%	9	41%	11	28%	10	48%
Good/Mostly Effective*	10	31%	6	27%	20	51%	7	32%
Satisfactory	10	31%	2	9%	5	13%	0	0%
Limited Assurance / Partially Effective*	4	13%	4	18%	1	3%	2	10%
No Assurance/Ineffective*	0	0%	1	5%	2	5%	2	10%
Total Relevant Reports	32		22		39		21	
Not applicable**	5		6		7		4	
Total Reports	37		28		46		25	

* On implementing MK Insight in 2017, Internal Audit has, reduced the number of audit opinion categories from 5 to 4. The new audit opinions range from Excellent to Ineffective. Consequently, the former audit opinion of satisfied does not have a direct comparator going forward.

** Internal Audit gives an opinion on the control environment whenever it is appropriate to do so. However, audit reports that provide advice, review specific control concerns or investigate irregularities generally do not have an opinion as they are too limited in scope.

The analysis above relates to those reports with opinions. Opinions are derived from a standard analysis of the level of control satisfaction and number of high priority recommendations within a report. Where reports are produced that do not relate to the planned evaluation of risks and controls, for example in response to requests for advice on specific matters, or in response to known control failures there is often no opinion applied to the report.

Internal Audit looks to minimise those reports without an opinion. The proportion of reports issued without an opinion being expressed is decreasing over time. However reports without an opinion still represents around 16% (4) of all reports issued over the period 1.4.18 to 30.09.18.

The audit work has identified that 79% of controls examined were operating satisfactorily. All concerns arising from the audit assignments result in an audit recommendation. To date 100% of our audit recommendations have been accepted by management. This is consistent with the 2017/18 outcome (98%).

3.4 Procurement Support

There are currently a number of reviews in relation to procurement activity. This is involving a number of officers across Corporate Services. This is being supported by Internal Audit on an on going basis as the investigation progresses.

3.5 Summary of Audit Reports and Findings

A summary of the routine audits undertaken and the recommendations identified is reported in Appendix A.

3.6 Overall Opinion

From the audit work performed to date, Internal Audit concludes that the Council's overall control framework is mostly effective, though this is based upon a reduced level of coverage in comparison to prior years.

3.7 Existing and Planned Changes to Internal Audit Coverage in 2018/19

During the year the audit plan is subject to revision in light of requests for, or the need to do additional unplanned audit work and also to reflect any in year changes in available resources. Action is taken as appropriate to ensure that audit resources are efficiently and effectively deployed. So far this year there has only been one change, with Housing Benefit Service Management requesting that two benefit areas be looked at in 18/19, Appeals and Quality Assurance. Only one audit was originally planned for

The fundamental and significant systems planned to be covered in the second half of the year include the following.

Audit	Current Status
Fundamental systems	
Enforcement & Write Offs	Testing
Requisitioning, Ordering & Receipting	On hold – Ready for testing.
Benefits Quality Assurance	Creating Work Programme
Housing Benefit Appeals	Final Report Issued
Corporate Contracts & Frameworks	Scoping/Background research
IR35	Testing
Apprenticeship Levy	Draft Report Issued
Starters & Leavers (Council)	RIM sent. Pre audit meeting arranged
Flexitime/Timerecording	Not started
Capital Schemes	Not Started
Cash Income/Capita Cash Receipting System	Not Started

Significant systems	
Buckden House Outdoor Education Centre	Draft Report Issued
Ingleborough Hall Outdoor Education Centre	Draft Report Issued
Leaving Care	Scoping/Pre Audit Meeting
Financial Assessment of Health & Wellbeing Clients	Testing
Section 117 Mental Health Act	Testing
Risk Management	Testing
Fleet Transport repairs and maintenance	Draft Report Issued
Community Infrastructure Levy	Creating Work Programme
Museum & Artefacts	Final Report Issued
Corporate Governance	Not Started
Data Quality/Performance Management	Not Started
Continuing Healthcare	Not Started
Better Care Fund	Not Started
Transformational Change	Not Started
Council Plan	Not Started
Building Maintenance Services	Not Started
Corporate Resources – Departmental Risk Management	Not Started
Swimming Pool and Sports Centre Income	Not Started
Waste Management	Not Started
Special Educational Needs Placements (out of area)	Not Started
Transitional Planning	Not Started

3.8 Internal Audit's Performance Indicators

Client Feedback

After each audit a client feedback questionnaire is issued to the appropriate officer to obtain feedback from them about the audit. 100% of the officers that responded said that the audit recommendations made were useful, realistic and overall the audit was of benefit to management.

Timeliness of Audits

During the first 6 months, 79% of draft reports were issued within 3 weeks of finishing the site work, this is marginally below the target of 80%. 92% of final reports were issued within a week of the post audit meeting, which is above the target of 90%. The timeliness of issuing draft and final reports is crucial to providing a good service to officers, enabling them to deal with the issues raised and consider the recommendation made.

4.0 Internal Audit Quality Assurance Improvement Plan

4.1 In February 2018 the Internal Audit Service underwent an external review to determine the level of compliance with Public Sector Internal Audit Standards. This resulted in a Quality Assurance Improvement Plan (QAIP) which will be implemented

by December 2018 to ensure the Service is fully compliant with the standards. An update of progress against the QAIP is included in Appendix B.

Appendix A Summary of Audit Reports and Findings

Appendix B Internal Audit Quality Assurance Improvement Plan 2018

Summary of Audit Reports and Findings

1. Fundamental Systems

Audit work carried out in the first half of 2018/19 supported the strategy of moving away from high level annual assurance audits to more detailed cyclical audits of the systems. During the period to 30.09.18, 3 reports were issued relating to fundamental systems.

- 1.1 Review of the Council's Treasury Management and Pension Contributions resulted in an excellent opinion. Whilst the audit of the Payroll Voluntary Deductions resulted in a good opinion.

2. Significant Systems

- 2.1 During the first half of the year, four reports relating to significant systems were issued. These are summarised below.

- 2.2 A recent audit of the Strategic Risk relating to Regeneration and Investment into the District gave an ineffective opinion due to the Corporate Risk Register entry being inaccurate, out of date and incomplete, and there was no officer responsible for maintaining the entry due to retirement, with a delay in appointing a replacement. An officer has now been appointed to review and maintain the Corporate Risk Register entry.

- 2.3 An audit of the Better Care Fund system gave a partially effective opinion due to source data for the residential admissions metric not being wholly consistent with the metric definition, and also activity data, linked with associated financial data, not being available to management at individual scheme level, for all the schemes in the Better Care Fund.

- 2.4 Internal Audit reviewed specific control concerns relating to the removal/reduction of rental subsidies provided to tenants of community facilities and confirmed that Voluntary and Community Sector Organisations affected by the removal of rental subsidies from 1st April 2017 were not directly notified of the change by Operational Estates Management. The report issued did not give an audit opinion but made one recommendation to improve the control environment.

- 2.5 Internal Audit provided relevant advice relating to the implementation of ContrOCC, the system planned to be used by Children's Services for managing Social Care contracts and budgets; particularly in the operational areas of remittances, financial reporting and forecasting. An audit opinion was not involved.

3. Schools

3.1 School Audits

During the first half of the year, four reports relating to schools were issued (compared to five reports in the same period in 2017/18). Of these, three related to individual school audits, at one Primary and two Secondary schools. All reports included recommendations to improve the control environment at each school visited, with audit opinions of Partially Effective (Primary school) and Good/Mostly

Effective (the two Secondary schools). The fourth report related to an annual position summary and assurance statement issued to the DfE relating to the Schools Financial Value Standard process, which is referred to in more detail below.

3.2 Schools Financial Value Standard

At the 2017/18 year end, all maintained schools were required to complete a self-assessment against the Department for Education's Schools Financial Value Standard (SFVS). As at 31 March 2018, SFVS self-assessments were completed by 116 of the Council's 131 maintained schools. 9 schools were exempt, leaving 6 that were late. However, these were chased up and received shortly afterwards. The returns received for 2018 showed an overall improvement in the standard of completion of the returns and the quality of action plans, particularly from those schools who have previously attended SFVS training.

The Department for Education (DfE) announced in May 2018 of their intention to introduce a new resource management tool to replace the current SFVS scheme from April 2019 (for returns due by 31st March 2020). The new tool is designed to support maintained schools to make a better self-assessment of how they are managing their resources and further develops the existing SFVS scheme by introducing a data-based element (a dashboard).

Final SFVS returns under the current scheme are due by 31st March 2019. Internal Audit will be offering training on 4th December 2018 on both SFVS and also provide an introduction to the new resource management tool. Despite the increasing number of schools converting to academy status, Internal Audit are pleased that schools continue to attend training and engage with SFVS, thus recognising the benefits it provides to ensure effective financial management in schools. There will also be much interest shown in the new resource management tool going forwards. An approach using training, rather than auditing individual school's SFVS returns, is still considered a more efficient use of resources to achieve greater coverage across the district.

4. Grants

Grant certification work is carried out in response to conditions placed on central government targeting of funding to local authorities, for example funding for pot hole repairs on the District's highway network.

The grants requiring certification can vary and change each year. The audit plan for 2018/19 has seen the number of grants requiring review increase, with one new Highways grant certification being carried out. To date 10 reports have been issued relating to capital and revenue grants that required Internal Audit certification.

The values of the grants varied considerably, conditions also varied and included confirming that targets had been met, that funds had been appropriately spent and that other requirements, such as publication of how the grant had been used, had been complied with.

Overall Internal Audit has been able to give a positive opinion for all grants and consequently no funding has been lost.

5 Computer Audit

For the first half year no computer audits have been performed. The service currently does not have a specialised computer auditor following the cessation, in October 2017, of the joint working arrangement with Wakefield Council. This will be reviewed in the second half of the year but unless there is a significant change in risk there will be no computer audits in 2018/19.

6. West Yorkshire Pension Fund (WYPF)

During 2018/19 Internal Audit will carry out a variety of audits in the West Yorkshire Pension Fund (WYPF), in accordance with the annual plan agreed with WYPF management. Reports issued to the 30 September 2018 were in respect of the following:-

- **Review of WYPF 2017/18 Accounts.** This audit is carried out at the request of the Financial Controller to assist in producing accurate, easy to read information within the financial accounts.
- **New Pensions and Lump Sums – Fire Service Pensions.** West Yorkshire Pension Fund provides an administration service for the payment of Fire Officers' pensions in respect of a number of Fire Services. This audit examined the calculation of the annual pension and the lump sum following a Fire Pension member's decision to retire. The control environment was largely as required.

7. Full List of Internal Audit Completed in 2018/19

7.1 A full list of the reports issued this financial year is detailed below.

Audit			
Category	Client	Opinion	Title
Follow Up	Health and Wellbeing	Ineffective	Direct Payments Follow Up
Follow Up	Corporate Resources	Mostly Effective	Purchasing Cards Follow Up
Fundamental Systems	Corporate Resources	Effective	Certification of Pension Contributions 2017/18
Fundamental Systems	Chief Executive	Excellent	Bradford Council Treasury Management
Fundamental Systems	Corporate Resources	Mostly Effective	Payroll Voluntary Deductions
Grants & Certificate Work	Dept of Place	Excellent	West Yorkshire Combined Authority Local Transport Block Capital Funding 17/18
Grants & Certificate Work	Dept of Place	Excellent	Cycle City Ambition Grant 2017/18
Grants & Certificate Work	Dept of Place	Excellent	West Yorkshire Plus Transport Funding 2017/18
Grants & Certificate Work	Dept of Place	Excellent	National Productivity Investment Funding 2017/18
Grants & Certificate Work	Dept of Place	Excellent	Disabled Facilities Grant 2017/18
Grants & Certificate Work	Dept of Place	Excellent	Pot Hole Funding 2017/18
Grants & Certificate Work	Dept of Place	Excellent	Highways Challenge Fund Grant 2017/18
Grants & Certificate Work	Dept of Place	Excellent	Local Authority Bus Subsidy Ring-Fenced (Revenue) grant 2017/18
Grants & Certificate Work	Childrens Services	Mostly Effective	PE & Sports Premium 2017/18
Grants & Certificate Work	Childrens Services	Good	Troubled Families 2018 - Claim 1

Schools	Childrens Services	Good	The Holy Family Catholic School
Schools	Childrens Services	Mostly Effective	Bingley Grammar School
Schools	Corporate Resources	N/A	Analysis of Schools Financial Value Standard Self Assessment Returns 2018
Schools	Childrens Services	Partially Effective	St Anthony's Catholic Primary School
Significant systems	Dept of Place	Ineffective	Strategic Risk - Regeneration and Investment into the District
Significant Systems	Corporate Resources	N/A	Concerns Relating to the Removal/Reduction of Rental Subsidies Provided to Tenants of Community Facilities
Significant systems	Dept of Health & Wellbeing	Partially Effective	Better Care Fund 17-18
Significant Systems	Childrens Services	N/A	ContrOCC implementation advice
WYPF	Chief Executive	Good	West Yorkshire Pension Fund - Fire New Pensions and Lump Sums
WYPF	Chief Executive	N/A	Review of West Yorkshire Pension Fund 2017/18 Accounts

Bradford Council Internal Audit Quality Assurance Improvement Plan 2018-19

Ref	Assessment Recommendations	Management Actions	Lead Officer	Deadline	Actions Taken	RAG Status	Further Actions
1	<p>The Assistant Director Finance and Procurement should look at the future resource requirements for the service, ensuring the review considers:</p> <ul style="list-style-type: none"> • The overall level of resources required to fulfil the statutory and professional requirements of the service • The extent to which the current Head of Audit's position is conflicted due to a high level of other responsibilities • The overall level of non- audit responsibilities performed by the audit team, including the HoIA • There is sufficient access to technical ICT audit resources 	Service resource levels, audit documentation, planning and potential conflict in responsibilities will be assessed and addressed by a review of the service during 2018.	Assistant Director Finance and Procurement (ADFP)	Dec 2018	<p>Budgetary Resources Allocated to new recruitment</p> <p>Four Senior Auditors appointed with a commencement date of 20th August 2018</p> <p>Wakefield confirmed ICT auditor not available</p>	Amber	<p>Further review of IA Traineeship to be commenced shortly</p> <p>Options for ICT Audit to be considered</p> <p>Review of service responsibilities to be included in any future restructure of service functions.</p>
2	<p>The Assistant Director Finance and Procurement should ensure there are sufficient safeguards in place to ensure audit independence and objectivity are not compromised by any non- audit responsibilities retained by internal audit, including in particular the HoIA.</p> <p>Safeguards should be reported to, and agreed by, the Governance and Audit Committee.</p>	Building on the action in 1, we will seek to address circumstances that give rise to audit independence and objectivity being compromised, and would expect to report appropriate safeguards as part of our reporting process.	ADFP	Dec 2018	<p>Safeguards reported to Governance and Audit Committee 28th June 2018 in Para 7 of report.</p> <p>Draft revised Internal Audit Charter completed for future consideration by GAC</p>	Green	Revised Internal Audit Charter has been prepared to be included on the January 2019 Governance and Audit Committee.
3	The Assistant Director Finance and Procurement should consider removing the requirement for the HoIA to deputise for the Chief Finance Officer and amend the job description accordingly.	This will be removed. The HoIA post isn't the Deputy Chief Finance Officer (held by the Head of Budgeting, Management Accounting and Projects), and therefore has no statutory standing in relation to those powers.	ADFP	Dec 2018	Position needs to be reviewed	Amber	This is to be considered as part of the Service review. May be included in the Internal Audit Charter update.
4	The HoIA should update the Declarations of Interest form to refer to the current audit Standards.	The Declarations of Interest Form will be updated to refer to the current Standards.	Head of Internal Audit (HOIA)	Nov 2018	<p>Declaration of Interest form amended ready for the 2018/19 declaration updates.</p> <p>New declarations sent out 5th November 2018</p>	Green	
5	The Assistant Director Finance and Procurement should determine the required involvement of (1) the Governance and Audit Committee in decisions about the appointment of the HoIA and (2) the Committee and/or the Chief Executive in the HoIA's performance appraisal, and obtain the agreement of the Governance and Audit Committee and Chief Executive as appropriate.	<p>The Council's Standing Orders do not allow for formal/direct involvement of Members in the appointment of the HoIA.</p> <p>The views of the Chair of the Committee and Chief Executive will be sought as part of the annual appraisal.</p>	ADFP	Jan 2019	Not yet required but may be included in the Internal Audit Charter update.	Amber	

Ref	Assessment Recommendations	Management Actions	Lead Officer	Deadline	Actions Taken	RAG Status	Further Actions
6	The HoIA should ensure the wording of his 2017/18 annual report complies with the requirements of the Accounts and Audit Regulations and the Audit Standards 2015.	The audit opinion within the 2017/18 Annual Head of Audit Report will comply with the requirements of the Accounts and Audit Regulations and Audit Standards. The 2016/17 Annual Head of Audit Report included a long statement on the Council's governance procedures, but included no comment in the actual audit opinion itself.	HoIA	Sept 2018	2017/18 Annual report was considered at the September 2018 Governance & Audit Committee. This included an opinion detailing specifically risk management, internal control and governance assurance compliance.	Green	
7	The HoIA should ensure future plans show clearly how the work planned will contribute to forming an opinion at the end of the year on the Council's control and/or risk and/or governance arrangements.	Future annual audit plans will be designed to clearly show how they contribute to forming audit conclusions on control, risk and governance.	HoIA	July 2018	The new five year plan 2018/19 to 2022/23 refers to the requirement to complete work on risk management, internal control and governance.	Green	Further work will be completed on the 5 year plan to specify the work that fulfills each assurance criteria.
8	The HoIA should update the Audit Charter as a priority.	The Audit Charter will be updated to reflect the current Audit standards.	HoIA	Dec 2018	Draft revised Internal Audit Charter completed	Green	Governance and Audit Committee to approve new Internal Audit Charter in January 2019.
9	The HoIA should complete audit procedure notes to supplement the MK Insight process details.	Audit procedure notes will be completed to describe the current audit process now that MK Insight has been implemented.	HoIA	Dec 2018	Development of audit procedure notes for MK Insight scheduled for second half of 18/19 Significant progress has been made in drafting the procedure notes.	Green	Completion of the audit procedure notes .
10	The HoIA should enhance the Quality Assurance and Improvement Programme to include wider development needs that can be derived from, for example: <ul style="list-style-type: none"> skills assessments against future needs and resulting team development programmes, occasional client surveys feedback loops from file reviews, personal development reviews feedback from staff on opportunities for improvement 	The Quality Assurance and Improvement Programme (QAIP) will be broadened in scope in future.	HoIA	Dec 2018	QAIP has been enhanced to include the wider development needs. Analysis of IA trainee job profiles across various Councils completed.	Amber	Training and development plan to be prepared and agreed. This needs to include an induction package for the new members of the team.
11	The HoIA should undertake an assessment of future service requirements and skills required to meet requirements, and produce a team development plan to deliver the core needs identified.	A team development plan will be produced to deliver the service's future needs.	HoIA	Dec 2018	This will form part of the training and development plan.	Amber	This will be completed as part of the training and development plan.

Ref	Assessment Recommendations	Management Actions	Lead Officer	Deadline	Actions Taken	RAG Status	Further Actions
12	The HoIA should ensure key audit reports, including the strategic and annual audit plans, and the HoIA annual report are presented to the Corporate Management Team	<p>Internal Audit currently reports through the Chief Finance Officer and the Governance and Audit Committee. There are regular briefings to the Chief Executive.</p> <p>We will explore the merits of periodic reporting to CMT, subject to timetabling, in line with the reports that are presented to Governance and Audit Committee.</p>	ADFP	Nov 2018	<p>New 5 Year Internal Audit plan has been tabled at CMT on 20th June 2018.</p> <p>Annual Internal Audit report timetabled at CMT on 27th September 2018.</p> <p>Internal Audit Plan 2018/19 Half Year Monitoring Report timetabled for CMT on November 7th 2018</p>	Green	
13	The HoIA should ensure all reports confirm work has been done in accordance with the Standards, unless this does not apply.	This is the case for non MKI generated reports, which are a small percentage of the reports. All future audit reports are to confirm that work has been done in accordance with the Standards unless this does not apply.	HoIA	April 2018	No reports currently have been completed outside MKI so no changes yet to action	Green	Any reports prepared outside MKI will have the PSIAS statement included

