

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **APPENDIX B**

#### **EXTRACT OF REPORT WITH ACTION PLAN.**

##### **Key:**

Action point has passed the "due by" date
Action point is close to the "due by" date
Action point completed
Action point started to be addressed
Action point has not been started on and is not close to or over due in regards to "due by" date

#### **Recommendations**

<b>No</b>	<b>Recommendation</b>	<b>Response</b>	<b>Action date</b>	<b>Action taken</b>	<b>Completed</b>
R1	Include a requirement in each anti-fraud and corruption policy to inform the HIASS of all suspected frauds	Anti-fraud and corruption policies to be updated as appropriate. Request to be made to update policies.	By Dec 2017	All partners have been contacted in regard to current policies. Actions are dependant on position and planned updates. Policies mainly require a small tweak of the current wording to satisfy this recommendation.	On going enquiries being made of Partners
R2	Safeguards, including independent audit	Independence is managed	Circa June 2018. To be	Safeguarding, independence and	Addressed -

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	arrangements, should be put in place to manage audit's independence and objectivity where they carry out non-audit activities and these should be discussed with and approved by the relevant audit committees. They should be included in the Audit Charter	closely within the team e.g. different people working on areas and not auditing those areas, annual conflict of interest checks, quality assurance, quality assurance in process and Team Leader & HIA consideration. Charter will be updated and discussion can take place with Cttee on an annual basis with safeguards specifically identified.	included in the annual reporting cycle for all Partners.	integrity being included in the 2018 Charter	revised Charter drafted but awaiting cttee approval - circa Sept 2018
R3	Ensure fraud risks are considered more extensively in planning audits and give audit staff support to enable them to do this	The planning area of audit work as well as the annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to improve this. We will indicate clearly the potential fraud risks and include in the brief. There will also be a greater emphasis on risk focus.	Andy Bromage HIASS & Helen Tiffney- Team Leader	April 2018 February 2018 onwards: Fraud website ( <a href="https://www.actionfraud.police.uk/a-z-of-fraud">https://www.actionfraud.police.uk/a-z-of-fraud</a> ) advised to all Auditors November 2017 via email so that they could familiarise themselves with it and the benefits it can provide. Workshops held re. Service transformation and methodology impact. February 2018 Team Meeting advised that expected to use it as part of the planning element so there is more extensive consideration of this aspect in all the reviews undertaken.	Addressed - ongoing

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R4	<p>In discussion with the auditee, broaden individual audit planning to cover the matters indicated and record the relevant matters on the audit brief:</p> <ul style="list-style-type: none"> <li>• Achievement of the organisation's strategic objectives</li> <li>• Strategies and objectives of the activity under review</li> <li>• Reliability and integrity of financial and operational information</li> <li>• Risks to the activity under review</li> <li>• Risk management arrangements</li> <li>• Governance arrangements for: <ul style="list-style-type: none"> <li>○ Making strategic and operational decisions</li> <li>○ Overseeing risk management and control</li> <li>○ Promoting appropriate ethics and values</li> <li>○ Ensuring effective organisational performance management and accountability</li> <li>○ Communicating risk and control information to appropriate areas of the organisation</li> </ul> </li> <li>• Effectiveness and efficiency of operations and programmes</li> <li>• Safeguarding of assets</li> </ul>	<p>The planning area of audit work as well as the annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to improve this. We will look at broadening the audit brief to make it more succinct and linked in to corporate priorities and strategic objectives. There will also be a greater emphasis on risk focus.</p> <p>Currently holding workshops re. Service transformation and methodology impact therefore part of consideration.</p>	<p>Andy Bromage HIASS &amp; Helen Tiffney-Team Leader</p>	<p>Circa June 2018</p> <p>November 2017 onwards: Completely new approach adopted for annual planning. 2018/19 planning has gone through SMT with a key emphasis on risk and linkage to corporate priorities /promises as well as corporate and service risk registers as well as service plans. Plans signed off at SMT level for all Partners with HIASS in attendance to present the plan(s).</p> <p>February 2018 onwards: February 2018 Team Meeting introduced the revised methodology and talked through the annual plan approach. Team expected to deploy new method of working, use methodology and deliver audits on time and within budget as the process has been significantly streamlined without losing the integrity of the working papers.</p>	<p>Addressed - ongoing</p>

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	<ul style="list-style-type: none"> <li>• Compliance with laws, regulations, policies, procedures and contracts</li> <li>• Potential errors and non-compliance</li> <li>• Opportunities for value for money and to make improvements in the activity's processes</li> </ul>				
R5	Undertake self-assessments against the LGAN and PSIAS	To be undertaken annually. To commence at the end of 2018/19.	Self Assessment towards end of 2018/19 after transformation has been embedded	Diarised for early February 2019 with reporting to be included as part of the annual report cycle for all Partners. Template for self assessment being drafted.	
R6	Ensure that the results of self-assessments against PSIAS are reported to audit committees and CoG, together with the action planned so that these bodies can monitor progress	Self-assessment results to be reported to COG and Cttee as part of annual reporting. To commence at the end of 2018/19 financial year and for reporting 2019/20.	Circa July 2019	To be included as part of the annual report cycle and overall assurance provision to those in governance of the integrity of WIIASS as a service. Linked to R5 above.	

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R7	Ensure audit plans are driven by each client's strategic objectives and priorities and refer to all the required areas	See recommendation response at 4.	June 2018	Completed as part of the 2018/19 planning process; direct links established between corporate risk register, service risk register and Corporate Strategies. Links included in the plan for transparency. Paragraph included in cttee reports as to the process followed in the formulation of the plan and the resource requirements.  AB Jan 2018	Addressed - ongoing
R8	The HIASS should have regular meetings with senior management teams to consult on items for inclusion in the annual plan, activities against the plan, any significant issues (fraud, risks, governance etc) that may have wider relevance and year-end outcomes	Although HiASS has engaged in the past in regard to the annual plans with HoS, s151's, arrangements to attend Senior Management Team meetings as part of the process will be arranged.	Immediate action i.e. for 18/19 Plan and ongoing.	In progress as appropriate. Direct access to all s151 Officer's, COG and Committee Chairs when required. More engagement with senior management teams anticipated.	Addressed - ongoing

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R9	Include examination of ethical issues in all relevant audits, bringing this work together at the year end to form an opinion on ethical activities	To become part of the brief and then report outcomes in annual report.	During 2018/19 & circa June 2019 opinions.	Included in briefs for 2018/19 to be collated for 2019 opinion.	Addressed - ongoing
R10	Include work on IT governance in the audit plan, buying in expertise if necessary	To seek assurance on this from other work undertaken within IT (i.e. third-party assurances), along with external audit work and consider whether it is sufficient. Buying in a resource will have resource implications.	Nov 17 COG.	Discussed at November COG. Assurance from existing arrangements but budgets to be included in the 18/19 plans. AB Jan 2018	Addressed - ongoing
R11	Finalise the Place Partnership agreement as a matter of urgency	Agreed. Currently with WCC Legal who are continuing to work on Agreement.	Andy Bromage HIASS, & WCC Legal Services and PPL.	Discussed 1/11/17 re. agreement requirements. Dec-17 Awaiting draft from Legal. Chased Jan 18; to be delivered by end of Jan 18. AB Jan 2018. Further consideration in regard to this agreement and current position of provision therefore on hold for the time being. June 2018	Jan 18
R12	Combine the current planning documents and broaden them to create a work programme specifying the tests to be undertaken. Ensure that the work programme is approved	Currently holding workshops re. Service transformation and methodology impact therefore part of	Apr-18	New methodology includes planning and testing as a combined document implemented for 2018/19 audit reviews . Development continuing through	Addressed - ongoing

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	before testing starts	consideration. This directly links with R3 and R4.		feedback sessions at team meetings.	
R13	Address the reasons for the lengthy delays in finalising reports, incentivising auditees to respond promptly	Delay can be due to 'good cause' and will be managed accordingly to circumstances. Where there is unjustified and undue delay then escalation to be instigated using the senior management team at the Partners.	Immediate action	Continuing to monitor as there remain examples of undue delay with some partners.	Remains ongoing
R14	The annual audit opinion should be succinct and stand out. It should cover risk management, controls and governance. If no conclusion can be drawn on a specific area, then that should be identified. The form of the opinion should be discussed and agreed with audit committees and senior management	The current annual audit opinion, along with other Audit Cttee reports are shared with senior management teams as part of the reporting process. However, format to be changed to give more emphasis and clarity in regard to the opinion and outcomes.	Nov 17 COG & Circa June 2018. To be included in the annual reporting cycle for all Partners.	Included annual report. For cttee to agree to and suggest any further requirements.	Addressed - ongoing

Compliance

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<b>No</b>	<b>Compliance requirement</b>	<b>Response</b>	<b>Action date</b>	<b>Action taken</b>	<b>Completed</b>
C1	Include the mandatory mission statement in the Charter	To include in the Charter to achieve full compliance.	By April 2018  <a href="https://staffroom.worcester.gov.uk/about">https://staffroom.worcester.gov.uk/about</a>	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C2	Include, as a minimum, a reference to the Seven Principles in one of the key audit documents. Ideally, refer to all seven principles and what they mean in an audit context	To include in the Charter to achieve full compliance.	By April 2018  <a href="https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2">https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2</a>	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C3	Include a reference to assurance provided to parties outside the partnership in the Charter	To include in the Charter to achieve full compliance.	By April 2018  -	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C4	Include information about the Core Principles in the Charter, including how audit delivers	To include in the Charter to achieve full compliance.	<a href="https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-">https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-</a>	Internal Audit Charter has been revised but is currently awaiting approval . Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved



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	against them		<a href="https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx">Professional-Practice-of-Internal-Auditing.aspx</a> <a href="https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx">https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Code-of-Ethics.aspx</a>		
C5	Include a positive confirmation of audit's independence in the annual audit reports	Although already included this will be given more emphasis in the annual reports.	Circa June 2018. To be included in the annual reporting cycle for all Partners.	Included in annual report 2018	Addressed - Ongoing
C6	Develop an overarching Quality Assurance and Improvement Programme (QAIP) strategy to cover quality assurance activities, including how often, who is involved and their scope.	Adopt PSIAS as the standard WIASS wish to work to as a Service. Develop a QAIP strategy to indicate quality assurance activity.	By June 2018		

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<b>No</b>	<b>Compliance requirement</b>	<b>Response</b>	<b>Action date</b>	<b>Action taken</b>	<b>Completed</b>
C7	<p>Ensure audit plans are driven by each client's strategic objectives and priorities and refer to all the required areas:</p> <ul style="list-style-type: none"> <li>· The need to produce an annual opinion</li> <li>· Links to an assurance framework and other assurance providers (ideally specify)</li> <li>· How the service will be developed</li> <li>· The WIASS Charter</li> <li>· Links to organisational objectives and priorities</li> </ul>	<p>The annual plan was identified as an area that required transforming in May 2017 and a paper was placed before COG setting out how we were planning to do this and the fact that we needed to link the plan directly to the strategic objectives, priorities and risk registers. WIASS will seek to incorporate this in the 2018/19 plans. Although risk registers are used as part of the current planning direct links will be made to clearly indicate to committee.</p>	<p>Circa June 2018 i.e. 2018/19 planning process so immediate but ongoing action.</p>	<p>2018/19 Plans driven by corporate risk, service risk, service plans, and linked to overall Corp. objectives and identified in the audit plans. Discussed at SMT level prior to Cttee and presented at Cttee for consideration. AB Jan 2018</p>	<p>Addressed - Ongoing</p>

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C8	Include information in the annual plan regarding how audit days for audits are calculated to support the overall resource position	Will clearly indicate this in the cttee report and show the direct link when reporting as to how we have arrived at the resource position by linking the risks and priorities.	Andy Bromage HIAS, & COG	Circa June 2018 i.e. 2018/19 planning process so immediate but ongoing action. Identified the high, medium and low priority in the plan and the resource allocated. Discussed at SMT level, agreed with s151's and linked directly to the corp. priorities. Identified those areas not included as well where appropriate and member's given opportunity to comment on plans before finalising. AB Jan 2018	Addressed - ongoing
C9	Include guidance on informing management when key issues arise during an audit	There has always been an agreement that s151 Officers/Heads of Service would be informed in regard to significant/key issues arising from reviews if it was considered an immediate action was required or there was a risk of, or actual, fraud taking place. This can be formalised and included in guidance notes for compliance.	By April 2018 - Included in the current Charter at 4.6 in regard to the s151 and HIAS liaison but to include mngt as well	Internal Audit Charter has been revised but is currently awaiting approval. Seeking to take before Committee for approval Circa September/October 2018	Addressed - currently in draft awaiting for charter to be approved
C10	Make the link between the PSIAS, LGAN and activities undertaken in performing an audit clear, for example, by quoting specific standards	Can include in brief. Nov 2017 holding workshops re. service transformation and methodology impact therefore part of consideration. Links directly to R4	By April 2018	See notes in R4 In brief document referenced the IIA PSIAS and Ethical Standards under the Independence and Ethics section	Addressed – ongoing
C11	Develop a retention scheme for HWFRS	WIAS uses a retention scheme in regard to all	By May 2018	WCC ok. Sent over to HWFRS 4.6.18. Contacts for MHDC needed to send over to. RBC/BDC need to	Seeking confirmation

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	and finalise the MHDC scheme	Partners but can seek to finalise schemes with specific partners with specific linkage to General Data Protection Regulation requirements.		have the most recent WCC issue as their schedule is not in line	of update from authorities
C12	Ensure that all coaching notes are signed off and dated	Agreed. All coaching to be signed off and dated in a timely manner to achieve full compliance.	Immediate action Support post created to assist with the overall Service administration. Post duties to include a review of all coaching notes and track them at final report stage to ensure they are satisfied and signed off. AB Jan 2018	Review of 2017-18 reports completed, outstanding sign off to be followed up. 2018-19 on tracking ongoing as part of support post plus other additional monitoring duties within the Service	Addressed - ongoing

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Suggestions:

<b>No</b>	<b>Suggestion</b>	<b>Response</b>	<b>Responsible officer</b>	<b>Action date</b>	<b>Action taken</b>	<b>Completed</b>
S1	Amend the Charter to state that audit's remit extends across the entire control environment of each organisation	Agreed. Charter to be updated to include a statement.	Helen Tiffney-Team Leader	By April 2018	Included in the revised draft Charter for 2018	Addressed - waiting for charter to be approved circa Sept 2018
S2	Introduce annual formal private meetings between audit committees and the HIASS	Can be incorporated as part of the annual report position	Andy Bromage HIASS, & COG	COG discussion Nov 2017	Agreed, where requested this action can take place	To be part of the Annual Report position.
S3	Invite appropriate staff, for example CoG, to be included in the quality assurance programme periodically	COG is included as part of the quality assurance programme at least once a year during COG meeting. QA is always requested from clients on the completion of the audit. Will seek to widen the scope and formalise the quality assurance programme.	Andy Bromage HIASS, & COG	COG discussion Nov-17	Feedback from clients after the audit has been finalised. Director of Finance / Chair of CoG providing feedback from CoG meetings to HIASS	Addressed - ongoing action point annually
S4	Make greater use of corporate risk registers in developing annual audit plans	Currently considered as part of the process but will provide a direct link to formalise the links between risk registers, audit plan and corporate priorities for the future.	Andy Bromage HIASS, & Helen Tiffney Team Leader	Circa June 2018 i.e. as part of the 2018/19 planning process so immediate but ongoing action.	Completed as part of the 2018/19 planning process; direct links established between corporate risk register, service risk register and Corporate Strategies.	Addressed - ongoing action point annually

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					Links included in the plan for transparency.	
S5	Emphasise to audit committee members that the plan is based on strategic risks	To be included in the annual audit plan report and as part of the report presentation with direct linkage to the strategic risks. Links to S6.	Andy Bromage HIASS,	Circa June 2018 i.e. as part of the 2018/19 planning process for all Partners	Completed as part of the 2018/19 planning process; direct links established between corporate risk register, service risk register and Corporate Strategies. Links included in the plan for transparency. Paragraph included in cttee reports as to the process followed in the formulation of the plan and the resource requirements.	Addressed - ongoing action point annually
S6	The annual audit plan should prioritise audit assignment, for example by showing the risk ranking or using H/M/L ratings	To be included in the annual audit plan report and as part of the report presentation with direct linkage to the strategic risks and the risk rating provided. Links to S5.	HIASS, and COG	Circa June 2018 i.e. as part of the 2018/19 planning process for all Partners	Completed as part of the 2018/19 planning process with high medium or low, or, a combination of levels where appropriate being included in the plan. Direct links established between corporate risk register, service risk register and Corporate Strategies. Links included in the plan for transparency. Paragraph included in cttee reports as to the process followed in the formulation of the plan and the resource requirements and the priority to be applied.	Addressed - ongoing action point annually

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S7	Consider an alternative layout for audit reports that is easier to read	Will consider as part of the workshops and methodology update currently being undertaken. To consider table of findings/recommendations as landscape rather than portrait with more emphasis on the risk. Links to S8.	Andy Bromage HIASS, & Helen Tiffney Team Leader	April 2018	Discussed at COG and current format to remain as it is liked and can be easily followed. Nov 2017	Addressed - no further action.
S8	Explore ways to make the follow-up process clear to officers and audit committees	Will consider as part of the workshops and methodology update currently being undertaken. Perhaps there needs to be better education at key times during the review to get the message across in regard to the follow up process. This can also be emphasised actually in the reports and during their formal issue in covering emails. Links to S7.	Andy Bromage HIASS, & Helen Tiffney- Team Leader	Apr-18	Standard template written for officers to use when issuing Final Reports stating the follow up time frame for that audit. Follow up also added to the 4A - Post Clearance Draft Audit Report template. New report template waiting approval before rolling out. Email template distributed for auditors to use. Jun-18	Addressed - on going review