

## Appendix 4 – Action Plan – Audit Commission report on the Review of Internal Audit Management Arrangements

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R1 The charter should define IA's role in fraud related work, undertaking investigations and the working relationship with the Council's anti fraud department.	2	IA Manager	Yes	To update Audit Charter for presentation at Sept 2008 Audit Committee.	Sept 2008
6	R2 The charter should include the date of when the next review is due to take place.	2	IA Manager	Yes		Sept 2008
7	R3 The audit charter should be formally approved by the Audit Committee.	2	Audit Committee	Yes		Sept 2008
7	R4 Review the line management/reporting arrangements for the head of IA.	2	Head of Finance	Yes	To consider the reporting arrangements with the new Head of Finance.	June 2008
7	R5 All IA staff should complete certificates of independence. Certificates should be reviewed by the IA manager and where a conflict arises, appropriate action should be taken. All certificates should be completed annually and retained on file.	3	IA Manager	Yes		March 2008
8	R6 Consider producing a code on ethics, which should be circulated to all IA staff.	2	IA Manager	Yes	Not all IA staff are professionally qualified and therefore are not bound by a professional body's Code of Ethics.	Sept 2008
10	R7 Revisit the Audit Committee's Terms of Reference and update it in accordance with the CIPFA guidance.	2	Head of Finance	Yes		Sept 2008

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10	R8 Present a quarterly report to the Audit Committee to highlight progress against the audit plan.	3	IA Manager	Yes	Currently in place and ongoing.	Jan 2008
10	R9 Compare the actual audits undertaken in the year to the approved audit plan and communicate any deviations from the plan to the Audit Committee and in the annual report.	3	IA Manager	Yes	Currently in place and ongoing.	Jan 2008
10	R10 Present Executive Summaries of each audit undertaken, or produce a report to summarise key findings from each of the audits completed.	2	* Head of Service * Chair of Audit Committee * IA Manager	Yes	To consider the format of reporting ie. Executive Summaries/reporting high risk audit recommendations along with any follow up work that has taken place.	Sept 2008
11	R11 Update the Audit Charter to include a paragraph on the relationship between internal audit and the other parties.	1	IA Manager	Yes	This is currently under consideration within the Herts Audit Group.	June 2008
11	R12 Update the Audit Charter to include a paragraph which defines the channels of communications that internal audit has with members and describes how such relationships should operate.	2	IA Manager	Yes	To update the Audit Charter for presentation in Sept 2008.	Sept 2008
11	R13 Update the Audit Charter to include a paragraph the direct reporting lines that internal audit has with management. Suggested text to consider:  'The internal Audit Manager reports on a xxx basis to the Head of Finance and reports functionally to the S151 officer/Director'	2	Head of Service/IA Manager	Yes	Link to R4.	June 2008

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11	R14 Consider producing a separate protocol document to define the working relationship between internal audit and SHL's external auditors.	2	IA Manager/SHL external auditors	Yes	To consider for 2009/10.	December 2008
13	R15 Report cancelled or deferred audits to the Audit Committee to allow them to consider whether they will have sufficient assurance to support the Statement on Internal Control.	3	IA Manager/Head of Service	Yes	Currently in place.	Jan 2008
13	R16 Monitor the progress of the audits for 2007/08 against the audit plan to ensure timely delivery of the audits.	3	IA Manager	Yes	Staff have their own work programmes, and a report to Audit Committee for Jan 2008 is currently being drafted.	Jan 2008
13	R17 Continue to monitor the progress of the 2006/07 audits, and report information to the Audit Committee	3	IA Manager/Head of Finance	Yes	Information presented to Audit Committee. Progress reports to be taken to each Audit Committee as a standing agenda item.	Jan 2008 & ongoing
14	R18 Review the arrangements for addressing the resourcing shortfall for 2008/09.	3	Head of Finance	Yes	This is currently in progress	ongoing
15	R19 Produce a formal audit strategy and include elements mentioned in paragraph 38.	2	IA Manager	Yes	To consider for 2009/10.	April 2009
15	R20 Develop a plan that allocates staff to audit assignments for the full year in advance.	3	IA Manager	Yes	This is now in place up to March 2008.  This will be continued for 2008/09.	Ongoing
16	R21 Retain results from client satisfaction surveys on file, and communicate feedback at the Audit Committee.	2	IA Manager	Yes		Sept 2008

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18	R22 Report performance measures to the Audit Committee quarterly.	3	IA Manager	Yes		June 2008
18	R23 Report the projected out turn performance indicators in the annual report.	3	IA Manager	Yes	Establish new meaningful performance indicators.	June 2008
18	R24 Produce a report to highlight the recommendations made in each audit, and the planned date for when follow up work is expected to be undertaken. This would be useful to present at the Audit Committee. Report the results of follow up work to the Committee, particularly where agreed actions have not been implemented.	3	IA Manager/Head of Finance	Yes	Consider with Chair of Audit Committee how best to report follow up recommendations.	June 2008
19	R25 The Council should consider how it will comply with the new annual requirement within the Accounts and Audit regulations to annually review the effectiveness of IA.	3	Head of Service/IA Manager	Yes	Currently discussing how this will be practical.	June 2008