

REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT:
ACTION PLAN TO ADDRESS REPORT RECOMMENDATIONS

Recommendation	Management Response and Target Implementation Date
<p>Internal Audit's role in good governance and how this fits with the role of others, in particular the CFO, the Monitoring Officer and the Head of Paid Service, should be set out.</p>	<p>Agreed. Statement will be produced and incorporated within next Annual Strategic Plan presented to, and approved by, Finance & Audit Scrutiny Committee. March 2012.</p>
<p>Internal Audit should play a more active role in promoting good governance. This can be achieved through training at all levels within the authority and the use of case studies to get the message across.</p>	<p>Agreed. Awareness training will be carried out through Moodle that outlines our roles and responsibilities, including those of Governance. The use of case studies will, as suggested, be employed to help to convey message. Incentives will be offered to complete the training. By December 2011.</p>

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<p>Internal Audit should be consulted on all proposed major projects, programmes and policy initiatives.</p>	<p>Agreed.</p> <p>To an extent, this is already done. For example, we met recently with the Performance & Improvement Team to discuss the role of Internal Audit in Lean Systems interventions.</p> <p>The approach would require a change in emphasis, away from audits with a defined output to the provision of control advice. This would be accommodated within the audit plan by evaluating the risk and planning for project/programme governance/control audits.</p> <p>To formalise arrangements a paper will be issued for SMT to consider. The paper will set out the benefits and purpose of consultation, what projects etc Internal Audit should be consulted on, how consultation could work or Finance could pose question at regular SMT meetings and advise Internal Audit accordingly.</p> <p>By October 2011.</p>
<p>The Audit and Risk Manager should assess the value to Warwick DC and Internal Audit of joining CIPFA's Better Governance Forum as a means of accessing best practice in governance.</p>	<p>Agreed.</p> <p>A point of practice has been raised at Midland Districts Chief Internal Auditors Group. This confirmed that the Better Governance Forum is an effective means of accessing best practice in governance. The Better Governance Forum has been contacted and a trial membership at a special price has been arranged. We will then review the benefits and costs.</p> <p>Immediate.</p>

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<p>The Audit and Risk Manager should provide more regular and relevant training to the Committee, particularly around the role of Internal Audit and the assurance that internal audit provide. It may be useful to identify the gaps in knowledge amongst the Committee members and target training on those issues.</p>	<p>Agreed. As planned – training in October 2011 arranged for members of F&A and Standards Committee. We are very much in favour of members having a better appreciation of our role and how we perform it in order that they can make more use of Internal Audit reports. An informal approach with small numbers of members here in the office is more effective than, say, a 20-minute, power point presentation. It would help members to build a closer relationship with the team. October 2011 and ongoing.</p>
<p>The Audit and Risk Manager should explore methods of improving the accessibility to internal audit.</p>	<p>Agreed. As part of the above mentioned Moodle training, accessibility of Internal Audit will be stressed. Also, staff (and members) will be reminded of the Internal Audit pages on the Intranet. We will tell people where we are, who we are and then try to remind people that they can drop in anytime with any enquiries. By December 2011.</p>
<p>The Audit and Risk Manager should explore suitable methods of raising awareness of the role of internal audit.</p>	<p>Agreed. As part of the above mentioned Moodle training, role of Internal Audit will be stressed. By December 2011.</p>

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<p>The Audit and Risk Manager should consider the merits of producing a 3 year team development plan for internal audit and formally record the actual training and development that has taken place.</p>	<p>Bearing in mind the age and experience profile of the team and, perhaps moreover, a limited training budget, there is no convincing argument for developing a three year training and development plan. The annual appraisals are used to identify development needs and, with slight enhancement, these would be suitable.</p> <p>Staff already maintain records of training (e.g. for CPD purposes).</p>
<p>The Audit plan should provide an indication of the level of risk within each area to be audited.</p>	<p>Agreed.</p> <p>This will be incorporated into future Audit Plans. (F&A approve the Audit Plan annually.)</p> <p>Immediate (next Audit Plan).</p>
<p>The Audit and Risk Manager should review the current approach to audit work to ensure that the scope of the work reflect more elements of governance and risk.</p>	<p>Agreed.</p> <p>Audit Brief prepared by auditor before commencement of audit will be reviewed by Audit & Risk Manager to ensure that governance and risk is covered appropriately within the audit.</p> <p>Immediate.</p>
<p>The Audit and Risk Manager should introduce a formal review and feedback process for all audits. (NB. This refers to file reviews undertaken by the Audit & Risk Manager on completion of the assignment and communication with the auditors.)</p>	<p>Agreed.</p> <p>Based on those used within other organisations a review form will be produced to evidence reviews of completed audits.</p> <p>October 2011.</p>

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<p>Auditors should be encouraged to produce electronic working papers for all audit work.</p>	<p>Agreed.</p> <p>Electronic working papers are already produced by majority of team. All members of team will be encouraged to produce electronic working papers – Immediate.</p> <p>We will look into scanning all supporting evidence and having some sort of indexing or referencing system – By December 2011.</p>
<p>The Audit and Risk Manager should consider the benefits of moving to electronic storage of all audit work rather than paper files.</p>	<p>Notwithstanding that improvements have already been made in this area (documents that would previously have been printed or copied are now filed electronically), this would require an audit management system that is unlikely to be cost-effective to introduce for a small team.</p> <p>However, a paper will be produced for the Head of Finance setting out the advantages and disadvantages of using an audit management system – By December 2011.</p> <p>A practical alternative to also be investigated is to adapt disciplines towards storage, cross-referencing (e.g. using hyperlinks) working, reviewing, sign-off, etc. from the PC screen instead of from paper copies – By December 2011.</p>
<p>The Audit and Risk Manager should consider the benefits to the recipient of the report of providing a clearer explanation of the risk(s) associated with the control weakness identified.</p>	<p>Agreed.</p> <p>Usually if there is a control risk that results in a recommendation then it will be explained in the body of the report. There should always be a trail to show the reason for the recommendation.</p> <p>However, will forthwith include more overtly the risks relating to each of the findings where a recommendation is made within the reports.</p> <p>Immediate.</p>

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The Audit and Risk Manager should consider the benefits of implementing an electronic management system.	See comments above concerning an audit management system.