

Recommendations to achieve more complete conformance to the Standards

1230 Continuing Professional Development	Response & action date	Progress at 10 th March 2017	Progress at 31 st July 2017
<p>In a relatively inexperienced team it is particularly important to have a clear view of the competences needed and the way in which CPD operates at all levels. Only one of the two trainees has so far started professional training and it is unclear what is planned to develop the team as a whole although the steps taken to allow short term secondment to KCC are beneficial in extending experience. The CAE is should plan and document her CPD activity.</p>	<p>Each member of staff has their own personal development plan, the progress of which is reviewed and performance meetings. Competency frameworks are in development however in terms of whole team development it is very limited in an organisation of this size. That said a development strategy will be produced across audit and fraud for the 2017/18 year.</p> <p>Although CPD is undertaken by the CAE it is agreed this could be more formally documented for professional purposes and this will be in place for 2017/18.</p> <p>Implementation 01/04/2017</p>	<p>Objectives for 2017/18 to be discussed in 121 sessions and at team level by end of April – training plan to support achievement of objectives to be drafted</p> <p>Competency frameworks currently being finalised and a development strategy drafted</p> <p>CPD planner completed in line with new IIA requirements from 01/04/17, i.e. requirement for evidence of 40hrs of CPE per annum</p>	<p>Objectives set as part of appraisal process November 2016</p> <p>Training plan less relevant with one audit team member who is undertaking professional studies therefore this is not considered relevant for remainder of 2017/18 year but will be re-visited for 2018/19</p> <p>Competency frameworks and development strategy drafted but on hold (see above)</p> <p>CAE's CPD action completed</p>
2010 Planning	Response & action date		
<p>Plans provided to management and the Audit Committee should give more</p>	<p>Clarity over the further development of the audit universe would be</p>	<p>Audit universe updated but no further guidance was received</p>	<p>In progress/ongoing Strategy documented in the</p>

<p>information about the areas not to be audited and the reasons. This would be assisted by further development of the audit universe and clearer explanation of how other forms of assurance are to be relied upon. There should also be an audit strategy which provides a medium term view of the way in which internal audit will conduct its work, the range of techniques to be deployed and the style and level of audits.</p>	<p>helpful.</p> <p>Clearer explanation of the other forms of assurance if/where available will be documented for the 2017/18 plan however there are very limited options in an organisation this size.</p> <p>I believe the way in which Internal Audit will conduct its work and the techniques/style/level are covered in the audit manual however a strategy to support the 2017/18 Plan will be formalised</p> <p>Implementation 01/04/2017</p>	<p>Assurance for reliance purposes documented where possible</p> <p>Strategy developed as part of 2017/18 Planning</p>	<p>Audit Manual and 2017/18 Annual Audit Plan</p> <p>No further assurance sources have been identified to date but we continue to review this</p>
<p>2050 Coordination</p>	<p>Response & action date</p>		
<p>There is scope for more coordination with other assurance providers and more consideration of the role and impact of the second line of defence. This would include periodic meetings with external audit and other review and assurance functions such as risk management.</p>	<p>There isn't a risk management function per se. However Internal Audit are engaged (and were at the time of the EQA) in developing a more robust risk management strategy and approach, including training to the Audit Committee and Management Team.</p> <p>Periodic meetings with the external auditors can be set up.</p> <p>There are no other assurance providers from TMBC. (See further</p>	<p>Work has been undertaken to review and revise the previous Risk Management Strategy and Guidance, this was reported to the January 2017 Audit Committee and subsequently agreed.</p> <p>Audit have attended all SMTs to provide a briefing on the revised process and to facilitate development of a Strategic Risk Register (SRR). The SRR will be brought to the July Audit</p>	<p>Final Strategic Risk Register to September 2017 Audit Committee meeting</p> <p>Audit of Health and Safety function included in 2017/18 Plan however limited further internal assurance (second line) functions identified</p> <p>Complete</p>

	<p>comments on assurance providers and second-line at 2010)</p> <p>Implementation 01/04/2017</p>	<p>Committee for discussion.</p> <p>Further work is needed to identify any other options to coordinate functions with a revised implementation date of 30th June 2017.</p>	
2110 Governance and 2120 Risk Management	Response & action date		
<p>The plans and the programme of audits up to the period of review have been mainly focused on risk and control. There has been little coverage of governance issues and risk management has not been reviewed since January 2015. I recommend that specific reviews of governance, ethics and risk management be carried out. I recognise that it is the intention to expand this area as set out in the 2016/7 plan.</p>	<p>Agreed, this is addressed in the 2016/17 Plan and will therefore have been undertaken by 31/03/17</p>	<p>Specific work on Governance and Risk Management (RM) was undertaken in 2016/17, including a review of the RM Strategy and Guidance and a consultancy review to support development of a revised Corporate Governance Framework in line with new CIPFA/SOLACE Guidance</p>	<p>Complete</p>
2210 Engagement Objectives	Response & action date		
<p>Overall the setting of engagement objectives and developing the scope of the audit is a consultative process with management with suitable levels of scrutiny by the CAE. Even so, in some cases it was unclear that the risks fully addressed the relevant issues. I</p>	<p>Agreed, to be actioned with immediate effect for 16/17 audits</p>	<p>We still need to develop further in terms of clear links to risks in the work we do but have made risks explicit in engagement plans and revised our report structure to show risks relating to each recommendation made</p>	<p>This is ongoing in relation to individual audits but risks are now explicit in engagement plans and reports - Complete</p>

recommend that the description of risks be more focused on the consequences of the risk materialising rather than a risk of non-compliance with a procedure.			
2320 Analysis and Evaluation	Response & action date		
The process of evaluating the adequacy and effectiveness of risk mitigation is not well documented and could be improved by the adoption of a suitable template. An example has been provided to the team. Alternatively use of audit software like Teammate could provide a suitable way of assisting the process.	Agreed, to be actioned with immediate effect for 16/17 audits	In progress for 2016/17 and to be reviewed for lessons learnt for 2017/18. We continue to investigate the possibility of using Teammate or similar	Ongoing – TeamMate has not progressed further to date
2450 Overall Opinions	Response & action date		
The overall opinion in the annual internal audit report should cover governance, risk management and control resulting from an audit programme which addresses each of these areas. The plans for 2016/17 do provide a suitable basis for such an opinion.	Agreed, this is addressed in the 2016/17 Plan and will therefore be clearer in the 2016/17 Annual Report and opinion reported to the Audit Committee at its June/July meeting. Implementation by 31/07/2017 (dependent on committee date)	To be addressed in the Annual Report to the July meeting	Complete

Recommendations for Further Development

I offer some ideas and recommendations to improve some aspects of the internal audit function.

1300 Quality Assurance and Improvement Programme	Response & action date
A good QAIP has been introduced which provides a sound basis for developing and improving the quality of the team. In a small team it is not always possible to get sufficiently independent peer reviews of the quality of the work and I would recommend using KCC or some other external reviewer to perform occasional "cold reviews" particularly when the CAE has been the lead auditor.	Will be reviewed at end of 2017/18 audit year as part of the internal self-assessment
2430 Use of 'conducted in conformance with the International Standards for the Professional Practice of Internal Auditing'	Response & action date
I recommend adoption of the wording 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing' in audit reports.	To be implemented for 2017/18 Final Reports