

	Issue/Point Raised by PWC	Current Situation and Management Response	Further Action Proposed
1	Consider alternative arrangements such as partnering or consortia to enhance the role and remit of Internal Audit and broaden skill sets.	In accordance with the Council's procurement strategy, joint working with another authority is currently being investigated. Alternative forms of service delivery will be kept under review. However, it is not anticipated any change will be made before 2010/11.	Keep under review.
2	Broaden the scope of Internal Audit to add more value to the Council. Resources could freed by moving away from non-audit work and focus on issues away from core financial systems. This should include more focus on value for money in audit work.	<p>It is considered that this is the main issue arising from the review into Internal Audit.</p> <p>The Audit Plan has in recent years been addressing this. The reference to non-audit work is not considered an issue.</p> <p>However, it is acknowledged that audit work, even with its finite resources, could focus more on such areas as partnership working, data management, business continuity (corporately) and generally the more significant business risks facing the Council, together with a greater VFM focus.</p>	<p>To a certain extent, this will depend on actions proposed in items 3 and 4 below, regarding the use of ICT and streamlining the degree of testing to free up staff time.</p> <p>However, it will require a different approach to working and some external training and development may be required, which will be pursued.</p> <p>In the meantime, options and broad proposals for achieving "added value" will be reported to the next Committee in September. If accepted, future audit plans will be amended accordingly.</p> <p>It is anticipated that change will accrue over a period of time that will be reflected in future audit reports to the Committee.</p>

3	Greater use of technology for the delivery of internal audit work in order to improve efficiency, reduce paperwork and track status of audits and recommendations.	The availability of suitable technology that is relevant, together with cost in particular has been barriers in the past. Certainly, technology for management of audits would be a benefit.	A short business case will be prepared and a bid for additional resources against efficiency savings made elsewhere in the Directorate will be made as part of the 2010/11 budget- round.
4	Question the focus and level of testing to be performed prior to undertaking an audit in order to avoid over auditing, especially in relation to managed audit work.	To some extent, the External Auditor determines the level of testing. Due to significant system changes on the fundamental financial systems and subsequent IT development in recent years, full testing has been applied to these main systems year on year. However, it is acknowledged that this can now be reviewed.	The cyclical approach and degree of sample testing on individual transactions is to be reviewed and a revised approach agreed with the External Auditor ahead of the Audit Plan for 2010/11. This will be reported to the Audit Committee in February 2010.
5	Set and monitor more performance indicators to measure Internal Audit.	Only one substantive indicator is used at the moment. Research of other authorities indicates that more are used, for example, concerning the cost of the function, efficiency in delivering audit reports and tracking recommendations.	<p>A suite of indicators are proposed as follows (all measured against an agreed target):</p> <ul style="list-style-type: none"> • Cost of internal audit per day (compared against a national target) • Percentage of audit plan achieved • Percentage of reports issued within timeframe • Percentage of audits completed within time • Percentage of recommendations implemented • Percentage of clients satisfied with service <p>If accepted, it is proposed that the detailed targets will be submitted to the Audit Committee in September 2009.</p>

6	Review the quality assurance process.	The Audit Manager reviews the work of his team on a sample basis, but no formal review is undertaken on the Audits of the Manager.	The Head of Finance and Property Services will undertake a review on a sample basis with audit work being formally signed off by the Section 151 Officer.
7	Need to bring forward the timing of core financial systems audit work in agreement with the External Auditor.	The External Auditor raised this during the review process.	Will be agreed with the Auditor prior to work commencing in 2010/11. This may entail changes to future audit plans in line with number 4, above.
8	Provide clarification on how and upon what basis risk ratings for audit reports have been assigned.	Acknowledged. This is simply a matter of specifying in reports to the Audit Committee what constitutes high, medium and low in an audit assignment.	To be implemented immediately.
9	Audit Committee reports could include a table summarising all audits/reviews, number of recommendations made and implemented, together with risk rating.	Acknowledged. This can be set out alongside performance information as proposed in 6, above.	To be reported from December 2010.