

Report to: Audit and Governance Committee, 23rd March 2022

Report of: Head of Internal Audit Shared Service, Worcestershire Internal Audit Shared Service

Subject: INTERNAL AUDIT PROGRESS REPORT FOR 2021/22

1. Recommendation

1.1 That the Committee note the report.

2. Background

2.1 To provide an update on Internal Audit's progress towards meeting its objectives as set out in the audit plan for 2021/22.

2.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

3. Summary of Activity:

3.1 A rolling testing programme on Debtors and Payroll has continued throughout Q1 to Q3 and the results will be reported during Q4 for 2021/22.

3.2 Since the last progress report 4 reviews have been finalised.

3.3 Follow Up work has been continuing regarding Sansome Walk and Museums.

3.4 2021/22 Internal Audit Plan.

3.5 Audits finalised since the last progress report include:

- Treasury Management
- Council Tax
- Grants
- Disabled Facilities Grants

3.6 Audits progressing through the draft report stage at the end of January 2022 included:

- Project Management
- Creditors
- Debtors
- NNDR
- Caring for Communities and People (CCP)

3.7 Audits progressing through the testing at the end of January 2022 included:

- GDPR
- Main Ledger
- Benefits (outline testing schedule and scoping)
- Depot - Health and Safety

3.8 Audits being worked on or due to commence during Q4:

- The Kiln
- Payroll

3.9 As work on the audits indicated above in paragraphs 3.6 to 3.8 is classed as on-going or awaiting a management response a final 'Assurance' level will be assigned on completion along with the appropriate report reported to the next available Committee. Following dialogue with the s151 Officers it was decided that the ICT review for this year will be deferred due to the ongoing cyber work that is currently taking place to increase resilience.

3.10 Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forward, challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. To date, no critical review audits have been undertaken during 2021/22.

4. National Fraud Initiative (NFI)

4.1 NFI data set uploads were completed in January 2022. Matches have been received by the Authority and checking will be ongoing throughout the Service areas. WIASS remains involved in the Business Grant precheck data set uploads. WIASS continues to play a supporting role for all the Partners regarding the NFI exercise.

5. Follow-Up Audits

5.1 Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcomes of the follow up reviews are reported in full at Appendix 4, where applicable, so the general direction of travel and the risk exposure can be considered by Committee. Throughout Q1, Q2 and Q3 there has been follow up taking place regarding Front Line Housing, Car Parking, Welfare Assistance and Sansome Walk, Health and Safety, ICT, Museums and Cash Receipting.

Any material exceptions arising from audit 'follow up' will be brought to the attention of the Audit Committee. There are no material exceptions to report currently.

6. Risk Management

6.1 Embedding the risk process continues and Committee will be appraised of the key risk areas on a regular basis. The Pentana system continues to be used to capture and report on risk. Regular reporting has been established regarding risk information with updates being brought before this Committee as well as being

presented before the Policy and Resources Committee. Risk registers are now well established for Services and are complemented by the corporate risk register. The COVID-19 risk register which was established at the start of the pandemic has been reviewed and risks have now been closed or amalgamated into Service Risk Registers for ongoing monitoring purposes.

7. Independence

7.1 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) as published by the Institute of Internal Auditors. WIASS recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible WIASS will seek to place reliance on such work thus reducing the internal audit coverage as required. WIASS confirms it acts independently in its role as internal audit and applies safeguards where there is any potential for conflict of interest. A self-assessment took place in August 2020 to identify potential areas for improvement and a programme of improvement was agreed before the Client Officer Group in September 2020. Progress as at the end of Q3 regarding the improvement plan is reported for information at Appendix 5.

8. Appendices

- 8.1 Appendix 1 shows the progress that has been made since 1st April 2021 to the 31st January 2022 towards delivering the Internal Audit Plan set for the year. At the 31st January 2022 a total of 213 days had been delivered against a target of 305 days for 2021/22. An additional 37 days have been lost due to significant disruption to the ICT provision and consequently has impacted productivity and will be accounted for against the plan total.
- 8.2 Appendix 2 shows the performance indicators for the service based on the original plan.
- 8.3 Appendix 3 provides the finalised audit reports.
- 8.4 Appendix 4 provides the Committee with the 'Follow Up' audit report confirming recommendation implementation progress by management and identifying any exceptions.
- 8.5 Appendix 5 provides the Quality Assurance Improvement Plan overview and is reported to Audit Committee for information.

Ward(s):	N/A
Contact Officer:	Andy Bromage, Tel: 01905 722051
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Background Papers:	None

APPENDIX 1

Delivery against Internal Audit Plan for 2021/22 as at 31st January 2022

Audit Area	Original 2021/22 Plan Days	Forecasted days to the 31/03/22	AUDIT DAYS USED TO 31/01/22
Core Financial Systems (See note 1)	113	113	88
Corporate Audits (see Note 4)	47	47	25
Other Systems Audits (See note 2)	75	75	46
Sub Total	235	235	159
Audit Management Meetings	20	20	20
Corporate Meetings / Reading	25	25	22
Annual Plans, Reports and Audit Committee support	25	25	11
Sub Total	70	70	53
Total	305	305	212
Other chargeable (see Note 3)			36
Grand Total			248

Audit days used are rounded to the nearest whole.

Note 1
This figure includes Quality Assurance monitoring work and the Revenues and Benefits Shared Service audit work undertaken. A rolling programme of testing was introduced during 2018/19 for several of the core financial

systems providing better coverage. The results are reported during Q4.

Note 2

'Other Systems Audits' include budgets which are used throughout the year as well as those budgets which are used for specific events (e.g. investigations) on a draw down basis therefore the amount of days used can fluctuate across the quarters and can result in budgets not being fully used.

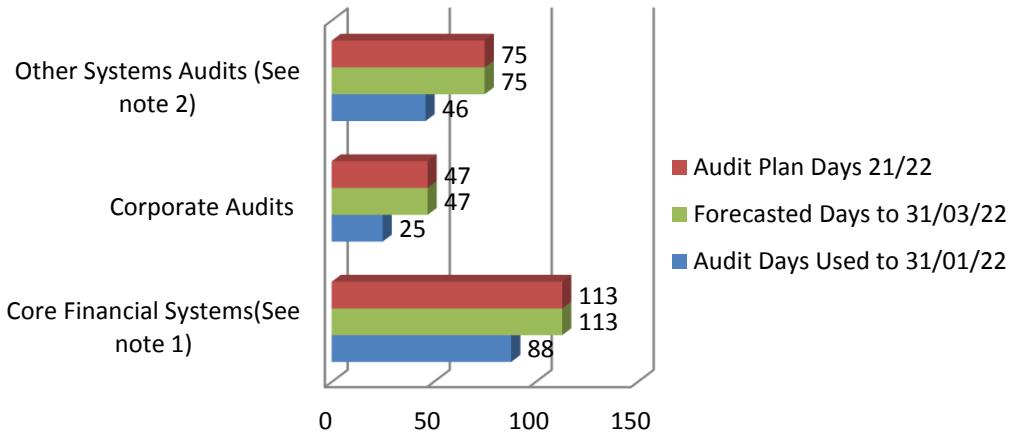
Note 3:

'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

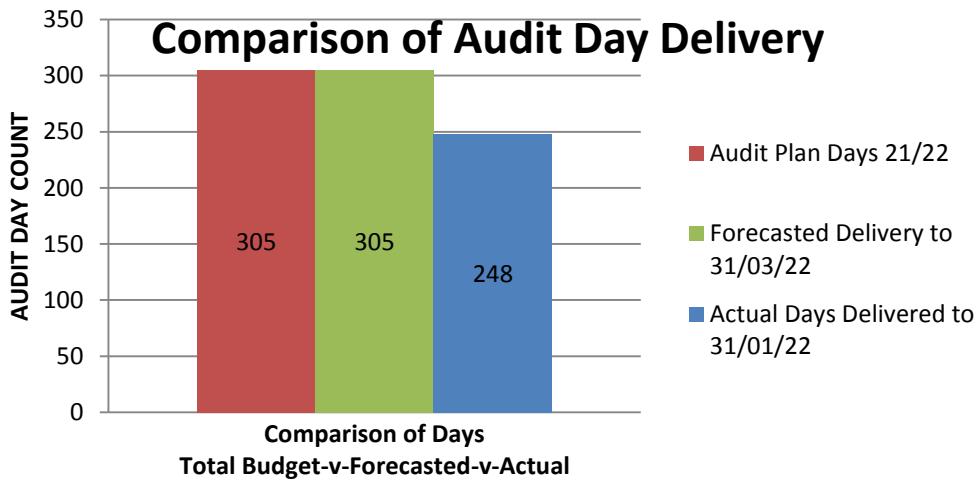
Note 4:

Work that is carried out for the County Council e.g. DFG's is included as part of this budget.

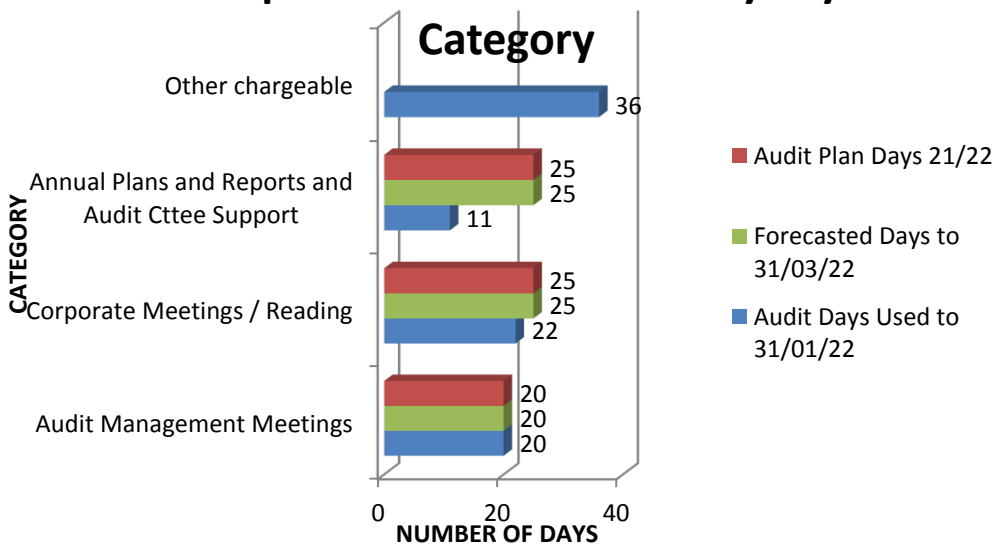
Comparison of Audit Days by Category



Comparison of Audit Day Delivery



Comparison of Non Audit Days by Category



APPENDIX 2

Performance against Key Performance Indicators 2021-2022

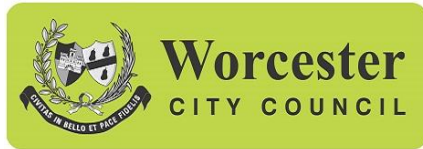
The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2021/22. Other key performance indicators link to overall governance requirements of Worcester City Council e.g. KPI 4, 5 and 6. The 2021/22 position will be populated on a cumulative basis throughout the year.

WIASS delivers the internal audit programme in conformance with the public sector internal audit standards which provide the professional practice for internal auditing.

	KPI	Trend/Target requirement	2021/22 Position (at 31st January 2022)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = 12 (minimum) Delivered = 5 incl.DFG's & 5 @ Draft Report Stage.	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	70%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	56% At the end of Q3 (Average for 2020/21 62%)	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to report to date (2020/21 = 4)	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	1 (2020/21 = 3)	When Audit Committee convene
6	'Follow Up' results (by exception)	Management action plan implementation date exceeded (nil)	Nil to report to date Exceptions (2020/21 = 0)	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	1 of 1 issued (2020/21 = 1)	↔ When Audit Committee convene

APPENDIX 3
Finalised Reports for 2021/22

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Treasury Management 2021/22

6th December 2021

Distribution:

To: Head of Finance.

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1. Introduction

- 1.1 The audit of the Treasury Management was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Worcester City Council for 2021/22 as approved by the Audit and Governance Committee on 24th March 2021. The audit was a risk based systems audit of the Treasury Management as operated by Worcester City Council.
- 1.2 This review does not relate to the Worcester City plan but does underpin all of them as it is the system for the investment and borrowing of funds.
- 1.3 There were no service or corporate risks identified which were relevant to this review.
- 1.4 There is a potential for fraud within this area with the fraudulent transfer of funds if controls are not working properly.
- 1.5 This review was undertaken during the months of August-September 2021.

2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the controls and risk management arrangements surrounding the Treasury Management system were in place and working to mitigate the risks known to exist within any Treasury Management system/process.
- 2.2. The scope covered:
 - Treasury Management procedures/Strategy and reporting
 - Borrowings and investments
 - Treasury reconciliations
 - Cash flow management
- 2.3. This reviewed covered the period from 1st April 2021 to 1st September 2021.
- 2.4. This review did not cover:

- The investment/borrowing decision as this would be based on interest rates and risks at the time the borrowing/investment was made.
- Property purchases for Investment Income which has now been closed down by the Treasury and therefore Property Investment for 21/22 will be in connection with the Future High Street Funding and will come under Capital Project Management.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **full assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **full** in this area because all the key controls tested were in place and operating effectively. No weaknesses were identified in the design or operation of the system.
- 3.3. The review found the following areas of the system were working well:
- Overall Treasury Management/Capital strategy is in place and in line with the Prudential Code.
 - Effective procedures in place for borrowing and investment of funds.
 - Reporting to members is in line with the Prudential Code and requirements of the strategy.
 - There is an acquisition of assets/Property Investment Strategy in place that has been approved by Members and clearly defines the Council's process in relation to assessing the risk of the investment.
 - Quarterly reconciliations
 - Daily monitoring of cash flows
- 3.4. The review did not identify any areas of the system where controls need to be strengthened.

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

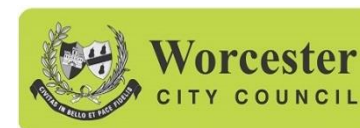
Ref.	Priority	Finding	Risk	Recommendation	Clearance meeting discussion points
New matters arising					
This review has not highlighted any risks or control issues that require reporting.					

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Council Tax 2021-22

13th January 2022

Distribution:

To: Revenues Manager Civica
Cc: Service Delivery Manager Civica
Partnership Director Civica
WCC Head of Finance
WDC Financial Services Manager
MHDC Finance Manager
WCC Director of Finance and Resources & Section 151 Officer
MHDC Deputy Chief Executive & Section 151 Officer
WDC Deputy Chief Executive & Section 151 Officer

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1. Introduction

1.1 The audit of the Council Tax System was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Wychavon District Council for 2021/22 as approved by the Audit Committee on 22nd April 2021, Malvern Hills District Council for 2021/22 as approved by the Audit and Standards Committee on 18th March 2021 and as approved for Worcester City Council for 2021/22 as by the Audit and Governance Committee on 24th March 2021. The audit was a risk-based systems audit of the Council Tax System as operated by Civica on behalf of Wychavon District Council, Malvern Hills District Council and Worcester City Council.

1.2 Council Tax is handled by Civica on behalf of the South Worcestershire Authorities.

1.3 The following entries on the Worcester City Council Corporate Risk Register are relevant to this review:

- CRK-014 - Shared Services

The following entries on the Wychavon District Council Corporate Risk Register are relevant to this review:

- 5 - Failure to ensure the effective management of the Revenues & Benefits services.
- 12 - Failure to manage a major failure of a significant council contractor, including any significant related industrial relations issues.
- 3 - Failure to monitor/ manage where applicable all shared services and joint working arrangements.

The following entries on the Malvern Hills District Council Corporate Risk Register are relevant to this review:

- CORP7 - Failure to maintain financial sustainability due to reductions to Government funding (new homes bonus and revenue support grant) and localisation of funding streams and costs such as business rates and council tax support.
- CORP8 - Failure of contract procurement, including jointly with others, and contract management arrangements to deliver service outcomes safely and effectively, leading to service failure, financial loss and reputational damage.

1.4 This review was undertaken during the month of November 2021.

2. Audit Scope and objective

2.1 This review has been undertaken to provide assurance on the accuracy and monitoring of the award for single person discount, the correct exemption and charges have been applied to empty homes, and notifications/post is correctly applied and dealt with within a timely manner. Also, the audit will seek to provide assurance there are robust controls in place to deal with requests for breathing space under the new Debt Respite Scheme England and Wales Regulation which come into force in May 2021 and, there is a regular reconciliation between the Council Tax System and General Ledgers for each authority.

2.2 The scope covered the following areas:

- Follow up of the 2020/21 Council Tax audit recommendations.
- Single person discount is being correctly awarded and reviewed to ensure it is still applicable.
- Exemptions and Council Tax charges for empty homes is being correctly applied.
- Notifications/Post is correctly actioned and dealt with in a timely manner.
- There is within the recovery process a clear procedure for alerts received where customers have applied for 'breathing space' and that the process is being followed.
- There is regular reconciliation between the Council Tax system and the general ledgers of each Authority.

2.3 This review covered the 2021-22 financial year from 1st April 2021 to the 25th November 2021.

2.4 The review did not cover.

- All exemptions and reliefs.
- Write offs
- Council Tax Hardship fund
- Billing and collections
- The full recovery processes

3 Audit Opinion and Executive Summary

3.1 From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service

audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

- 3.2 We have given an opinion of **significant assurance** in this area because there is a generally sound system of internal control in place however our testing has identified isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas and one area that was brought forward from the previous year.
- 3.3 The review found the following areas of the system were working well:
- Accuracy of the processing of the Single Person Discounts.
 - Exemptions and Council Tax charges for empty homes are being correctly applied.
 - Administration of ‘Breathing Space’ Alerts.
 - Regular reconciliations are being carried out.
- 3.4 Information provided for testing on cases where the breathing space request had been received indicated that very limited solutions are being offered by the customer/debt agencies to address the Council Tax debt. The customers are reverting onto the recovery stage at the end of the 60 days breathing space period often in a worse position, as they have less time to repay the Council Tax debt if a repayment plan has not been agreed. There is future regulation to be considered - Statutory Debt Management Plan (SDMP) as outlined within the Financial Services Bill 2020 – Clause 32 Statutory Debt Repayment Plans and the Debt Respite Scheme.
- 3.5 Civica will be switching from Capita Academy and Information at Work systems to Civica Open Revenues, a fully integrated solution during 2022. The project is underway with a target date for replacing the live software of 31st July 2022. It is planned that Civica staff will be required from the Council Tax team to work within this project which could further impact the back log position currently being experienced. Civica are exploring options to minimise the disruption to the Revenues Team.
- 3.6 Civica have given notice to end their contract for the processing of Housing Benefit, Council Tax and NNDR within the South Worcestershire Authorities, Wychavon District Council, Worcester City and Malvern Hill District Council. A formal decision has not been made as to how this service will continue to operate when the contract ceases but discussions are taking place which is the best suited option for the three Authorities.
- 3.7 The review found the following areas of the system where controls could be strengthened:

Finding	Priority (see Appendix B)	Section 4 Recommendation number
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Follow Up from 2020/21 Recovery of Larger Debts & Reviews of accounts with Second Home Reduction	Medium	1
Monitoring of Single Person Discounts	Medium	2
Back log of post/notifications	Medium	3

4 Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium, and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Issues brought forward from previous audit					
1	M	<p>The follow up actions from 2019/20 (1) and 2020/21 (2) audits as detailed below, remain outstanding.</p> <ol style="list-style-type: none"> 1. The action from the recovery of larger debt is ongoing. 2. The action to review accounts with second home reduction has been discussed between Civica and the S151 officers and a decision has been made to review the recommendation again in late 2022 early 2023. 	<p>There is a risk of adverse collection rates and loss of potential income to the Authority due to limited recovery on large, aged debt potentially resulting in reputational damage and financial loss.</p> <p>The Authority could be making Council Tax decisions based on old or inaccurate information leading to incorrect billing and subsequent additional work to correct the errors and reputational damage.</p>	<p>Civica to create a formal report containing rationale and recommendations that can be regularly distributed to the partner Authorities at Board level in order to aid in the consideration and decision-making process over larger and/or aged debt while taking into account new and updated legislation.</p> <p>Civica to re-establish and implement reviews and reports on a regular and feasible basis where the</p>	<p>Management Response: To await transfer of responsibility back to councils</p> <p>Responsible Manager: Revenues Manager</p> <p>Implementation Date: Autumn 2022</p>

		<p><u>Recovery of Larger Debts</u></p> <p>This is an ongoing project and although action was taken at the beginning of the 2020 financial year with Civica providing the Partner Authorities with a list of the live, large and aged debts, there has not been significant progress as the year has progressed.</p> <p><u>Reviews of Accounts with Second Home Reduction</u></p> <p>Testing found that in cases where the claimant is being awarded the Second Home - Class B reduction this is not being routinely monitored - with audit testing finding 6 such cases across the 3 Authorities.</p>		<p>Second Home reduction is being applied at an appropriate time. It has been agreed by the Board to park this action for 12 months and will be reviewed again late 2022 or early 2023.</p>	
New matters arising					
2	M	<p>Monitoring of Single person Discounts</p> <p>Single Person Discount Claims have not been reviewed for at least 2 years for potential fraud and inaccuracy.</p>	<p>There is a risk that claimants have fraudulently claimed this discount or that they are no longer entitled to it</p>	<p>A decision to which data set and matching exercise is to be used in the future i.e. NFI or another third party must</p>	<p>Management Response:</p> <p>Await transfer of responsibility to council</p> <p>Responsible Manager: Revenues Manager</p>

			potentially leading to reputational damage and loss of Council Tax income.	be made. A matching exercise can then be undertaken to ensure only claimants entitled for this award are receiving it.	Implementation Date: Autumn 2022
3	M	<p>Backlog of post/notifications</p> <p>At the time of the audit there was a backlog of Council Tax post/notifications of around 6 weeks. The usual and acceptable period of processing averages to approximately 3 weeks. The Revenues Manager is monitoring the situation daily. There is a potential risk that this situation may worsen with staff moving to assist in the system conversion. There are 4 items of post dating back to May 2021 that need reviewing.</p>	<p>Potential for customer complaints due to the back log of administrating the post/notifications which may lead to less time for customers to pay the Council Tax owed if bills are late in being processed. With other work priorities within Civica, there is potential that these processing backlogs could increase. There is also the potential that this could impact on the data conversion process.</p>	<p>The Board and Civica need to agree an approach to tackle the back log to ensure the position does not deteriorate over the coming months especially with the loss of experienced staff to the system conversion project.</p>	<p>Management Response: Plans in place to recruit staff to deal with backlog</p> <p>Responsible Manager: Revenues Manager</p> <p>Implementation Date: Jan 2022</p>

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.

- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Community Grants 2021-22

6th December 2021

Distribution:

To: Corporate Director – Homes & Communities
Team Manager – Community Services
Business Administrator – Community Services
Lead Projects and Voluntary Sector Officer

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1. Introduction

- 1.1 The audit of Community Grants was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Worcester City Council for 2021/22 as approved by the Audit and Governance Committee on 24th March 2021. The audit was a risk-based systems audit of the Community Grants process as operated by Worcester City Council.
- 1.2 This review relates to the Worcester City Council theme of 'Stronger and Connected Communities', 'A Prosperous City', 'A Healthy and Active City', 'A Heritage City for the 21st Century' and 'Sustaining and Improving Our Assets' as detailed in the Worcester City Plan 2016-2021.
- 1.3 There are no corporate or service risks associated to grants which are relevant to this review.
- 1.4 This review was undertaken during the months of August, September and October 2021

2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the Community Grants process is fit for purpose, that grants are being paid over on time to the correct organisation and that the funds are being used for the purpose it was granted and has achieved any required outcomes.
- 2.2. The scope covered:
 - The advertising and promotion of grants
 - The application process including how easy it is to apply for a grant
 - Grant assessments – Scoring matrix and panel decision making including transparency.
 - Notification of outcomes including clear expectations of successful applicants.
 - Payment process and accuracy.
 - Process in place to evidence the grant has been spent in line with the original application.
- 2.3. This review covered the process as operated at the time of the audit. The review did not provide an opinion on the amounts awarded.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **significant assurance** in this area because There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.
- 3.3. During the review a positive direction of travel was evident. Community Services are working to improve the controls that are in place around the small/medium community grants. It was found that there was a lack of an audit trail for the 2020/21 year as some information could not be easily located in relation to some of the grants which were successful. However, since the start of 2021 information has been filed more logically providing a clearer audit trail.
- 3.4. From the evidence sought during the review there is a clear indication of improvement and hard work being made by the service to support communities, voluntary and charitable organisations with the application process for small and medium community grants.
- 3.5. The review found that there has been an increase in grant uptake since the pandemic in March 2020. The grant process is far more than receiving a grant assessing it and making a decision. Although officers cannot complete the grant on behalf of the applicant, they do offer advice and make enquires if the information provided is not clear. They will also carry out additional meetings of the panel if there is an urgency for the grant to be approved in order for the project to go ahead. The Communities Team as a whole also engage with the communities by attending events that have received a grant and helping out where required. Recently grants have been given to help communities to meet face to face for the first time since the start of the pandemic which for some was nearly two years ago.
- 3.6. The review found the following areas of the system were working well:
 - The advertising and promotion of grants.
 - The public application portal on the Worcester City Council website was user-friendly and easy to navigate through and understand the terms of reference.
 - Notifications of the panel outcomes; including clear expectations of both the successful and unsuccessful applicants.
 - The Payment process and accuracy of payments.

3.7. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Scoring Panel Sign Off	Medium	1
Response time	Low	2

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Scoring panel sign off</p> <p>The review found that although members of the scoring panel provide their individual scorings and get together once a month to discuss the grants; there is no sign off control to show the successful / unsuccessful grants were recorded correctly.</p>	<p>If grants are awarded without proper checks or controls in place to show that decisions made are unbiased, then there is the risk of reputational damage, financial risk and also possible risk of fraud through collusion. There is also a risk of reputational damage and challenge from lack of transparency behind the decision making.</p>	<p>As a minimum to implement a sign off sheet as proof that the final decisions of the panel have been correctly recorded.</p> <p>This sheet can be prepopulated prior to the meeting with the applications being discussed.</p>	<p>Responsible Manager: Lead Projects and Voluntary Sector Officer</p> <p>Implementation date: Implemented</p> <p>during the clearance meeting an extra line for signature was added to the score sheet to evidence final sign off. Audit confirmed during the meeting that this amendment was sufficient.</p>

2	L	<p>Response time</p> <p>It was found during the review that there is no indication within either the criteria or Terms and conditions when the applicant will hear back from the panel or how often the panel meets.</p>	<p>Reputational damage as a result of complaints from having no indicator within existing policies or procedures to inform applicants the timescales of when they will hear back from the authority regarding their application.</p>	<p>As a minimum to outline clearly on the website when the panel meet e.g. once a month to provide an indication to applicants as when they are likely to hear back from the authority as to if their application has been successful or not.</p>	<p>Responsible Manager: Lead Projects and Voluntary Sector Officer</p> <p>Implementation date:</p> <p>In the process of being Implemented</p> <p>During the clearance meeting there was a request to make it clear when grant recipients would have confirmation of their application.</p> <p>Conversations were held with the communication team to amend the Community Grants area on the Worcester City website to read the following:</p> <p>“It is recommended that grants should be applied for at least two months before the event. However, we aim to process applications within 6 weeks of receipt. Please note there maybe occasions where this timescale is extended due to further clarification being required from applicants.”</p>

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

APPENDIX 4

Audit Report Follow Up Reports.

Follow ups have been undertaken regarding Sansome Walk and Museums. Completed reports are reported for information. The assurance and priority level definitions listed below can be applied to all reports and follow up reports.

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

Definition of Priority of Recommendations

Priority	Definition
H	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
M	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
L	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

Worcestershire Internal Audit Shared Service



Sansome Walk – Lessons Learned Review 2019/20

Follow-up Report - October 2021

Distribution:

To: Head of Property and Asset Management
Deputy Director - Governance and Monitoring Officer
Director of Finance & Resources and Section 151 Officer

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Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 11/10/2019 and it is being followed up because:

- 7 key areas where lessons could be learnt were identified
- More than twelve months have passed since the issue of the report

The following audit approach has therefore been applied:

1. The lessons learnt and corresponding CLT responses have been updated with the current position.

Section B - Conclusion - Current Position statement

As this review was carried out as a lesson learned exercise, no overall assurance level or audit opinion was required to be given, and this is the 1st follow-up since the release of the report.

Of the seven key areas and action plans highlighted in the report, for the Sansome Walk Project 6 have been implemented and 1 is still in progress as the project is still in progress.

Generally, the Management Actions related to the implementation of a new project management process and this process has been subject to a full audit in the 2nd Quarter of 2021/22. The results of this audit will be reported to the Governance and Audit Committee once it has been finalised.

In relation to the Sansome Walk project the direction of travel has been positive, and the final action will only be addressed once the project has been fully completed.

This follow up was undertaken during the period of July to October 2021.

Section C – Current Position

Ref./ Priority	Lesson Learnt	CLT Response and Action Plan	1 st Follow up Position as at 29.09.2021
1	<p>Project Focus</p> <p>Ensure that the Council has a facility in place (such as a Capital Management Group) to regularly review project progress and fully consider the project scope and associated risks from an internal perspective with a view to reporting anomalies and concerns early, ensuring that all options are reported as part of the decision-making process and providing critical challenge where necessary.</p>	<p>A project management process has been introduced which requires four stages, with gateway assessments at each stage – 0. Concept/Review; 1 – Feasibility; 2- Evaluation; 3 – Delivery/Implementation. Completion of each stage needs Director-level approval.</p> <p>As part of its approach to improving the management of capital programmes and projects, the Council adopted a Capital and Asset Management Framework in October 2018. This requires all capital project submissions to be formally approved and assessed by a Capital Asset Management Group, using an approved scoring mechanism. Each submission must include an expected return on the investment and, where applicable, a clear project timetable.</p>	<p>Implemented</p> <p>In relation to Sansome Walk All major decisions at each stage are now subject to approval by the Policy & Resources Committee. In July 2019 a report was presented to Committee confirming the desire for Housing on the site and in December 2019 a further report was put forward setting out the parameters for selecting a preferred developer.</p> <p>Reports are also presented at intervals to the Council’s Leadership Group and the Member Reference Group containing updates on the current position and the next steps for the project.</p> <p>In relation to the Council’s project management process a Project Management Audit has been carried out in the 2nd Quarter of 2021/22 - the results of which will be reported to the Audit and Governance Committee.</p>

Ref./ Priority	<u>Lesson Learnt</u>	<u>CLT Response and Action Plan</u>	<u>1st Follow up Position as at 29.09.2021</u>
2	<p>Risk Management</p> <p>Equal consideration should be given when reporting in regard to both the new and old sites. Sites should be appropriately assessed for their proposed redevelopment or decommissioning prior to the commencement of any related projects. Any surveys or other works required should be considered and factored into the overall costing.</p> <p>Asbestos containing materials must be considered as a potential undermining factor to all Council Capital Projects – this should be reflected in the Risk Registers and regularly reviewed so there is an understanding of the assets Worcester City Council hold and their true worth and potential usage.</p>	<p>An Asset Management Strategy is being compiled and is due for completion in the autumn of 2019. This will assess the condition of all Council-owned land and buildings and will introduce a five-year cycle of reviews. Each review will result in a 'develop or release' decision and identify the costs of each option, including any demolition costs.</p> <p>Regular asbestos surveys were undertaken on this site in line with regulations. The condition of any asbestos-containing materials in Council buildings is reported to the Head of Property and Asset Management for action as required. A summary report is provided to the Corporate leadership Team, currently on a monthly basis, along with fire, gas and water risk assessments.</p>	<p>Implemented</p> <p>The Asset Management Strategy 2019-24 has now been approved and signed off by the Policy & Resources Committee and is now in place. The five-year cycle mentioned has now commenced with the tenanted estate portfolio and matters such as asbestos, water or gas being prioritised and dealt with initially. There has been reporting to CLT on progress.</p>
3	<p>Risk Reporting</p> <p>Ensure that any issues raised are brought before management in a timely manner with clear reporting - and brought before</p>	<p>Once committee approval has been secured for demolition works to begin a risk register will be compiled as part of demolition-project documentation and</p>	<p>Implemented</p> <p>The Council is in receipt of progress reports on a monthly basis from Gleeds Management Services who are managing the demolition at the site. Regular updates are provided to CLT on the current</p>

Ref./ Priority	<u>Lesson Learnt</u>	<u>CLT Response and Action Plan</u>	<u>1st Follow up Position as at 29.09.2021</u>
	<p>Committee if there are any significant impacts on budgets.</p> <p>The current risk implications section of Committee reports could be further developed. In order to be more risk aware Worcester City Council reports would benefit from the inclusion of a 'table of risk' and associated appendices going forward to consider risks, potential consequences and mitigating actions to ensure that the relevant discussions are taking place.</p>	<p>reported to CLT as part of ongoing project monitoring.</p> <p>A risk assessment will be included in council and committee reports where appropriate.</p>	<p>position and progress since prior updates were given.</p> <p>The Pentana system is now being used by the Council to manage and assess projects and the associated risks via the dashboard and project risk register.</p>
4	<p>Project Scope & Reviewing of Cost/Time budgets.</p> <p>Although a process was followed and financial regulations adhered to, where practically possible scope all relevant costs and required surveys prior to the commencement of Capital projects. Obtain relevant management sign off on the initial scope and costing stage. Establish and define clearly what assumptions have been made at the commencement of the project and what the contingency is.</p>	<p>There is a well-established process for seeking approval to amend project budgets which is set out in Financial regulations.</p> <p>This process was applied appropriately at each stage of this project.</p> <p>A project management system has been introduced as outlined at (1) above. Project Boards are established for major projects but otherwise monitoring is undertaken by progress groups established within each directorate.</p>	<p>Implemented</p> <p>Committee reports now demonstrate the process for the setting of capital budgets and any increases in budget where necessary.</p> <p>The Project Management system is in place with stage by stage monitoring and assessment, progress reporting and appropriate approval.</p> <p>In relation to the Council's project management process a Project Management Audit has been carried out in the 2nd Quarter of 2021/22 the results of</p>

Ref./ Priority	<u>Lesson Learnt</u>	<u>CLT Response and Action Plan</u>	<u>1st Follow up Position as at 29.09.2021</u>
	<p>No 'intervention' process was available where there is significant scope creep to challenge and review any decision-making process.</p> <p>There needs to be identification of and clearly defined project parameters, including when projects are broken down into sub-projects etc. and how these are all to be managed/ co-ordinated, with responsibilities fully defined.</p>		<p>which will be reported to the Audit and Governance Committee.</p>
5	<p>Housekeeping & Business Continuity</p> <p>All relevant information that has been used to make decisions should be stored in a purposeful and easily reviewable format.</p> <p>From a business continuity and resilience perspective the files should be easy to access, and key decisions and milestones should be identifiable within the project.</p>	<p>The Council has appropriate storage and retention policies which enabled all the relevant documents to be located. However, it is acknowledged that a more systematic approach to records management is required.</p> <p>Office 365 will be introduced in 2020 and will provide an opportunity to develop an effective records management strategy for electronic documents. This will be supplemented with revised guidance on hard copy backup procedures.</p>	<p>Implemented for Sansome Walk</p> <p>Files are held in the relevant Property network directories and now provide a more comprehensive document trail. Documentation relating to Sansome Walk is held in a shared folder which although outside of the Property directories is accessible to all the relevant parties such as Property, Planning, Legal and Finance.</p> <p>In relation to the Council's project management process a Project Management Audit has been carried out in the 2nd Quarter of 2021/22 the results of which will be reported to the Audit and Governance Committee.</p>
6	Lessons Learned		In progress

Ref./ Priority	Lesson Learnt	CLT Response and Action Plan	1 st Follow up Position as at 29.09.2021
	<p>Ensure that all lessons learnt are captured in one place and fed into the process as part of the project cycle. Also, as the project progresses there is an ability to capture and document any lessons which can be applied to other projects and be revisited upon completion of the project.</p>	<p>Project management is operated using the Pentana system which provides a corporate record of progress on each project. A final 'project review' stage will be built into the project management methodology.</p>	<p>The Sansome Walk project is still currently live and is anticipated to be completed in Spring 2022.</p> <p>The use of Pentana is built into the project management methodology and incorporates evaluation and a project risk register which is regularly reviewed and provided with reports to Senior Management and Committee. This is supported by the project 'dashboard' – a programme management tool to help project leads identify progress and risks, and to provide key information for updates.</p> <p>In relation to the Council's project management process a Project Management Audit has been carried out in the 2nd Quarter of 2021/22 the results of which will be reported to the Audit and Governance Committee.</p>
7	<p>Worcester City Council Project Decisions Involvement</p> <p>Clarity to be established from the outset with regards to where Worcester City Council sit within the project structure when partnering with third parties and shared services.</p>	<p>The Council has established an in-house team to manage the Council's assets and a Project Management Team to set up and implement a project management system. The processes put in place by the Project Management System, Pentana and the Capital and Asset management Framework should ensure close</p>	<p>Implemented for Sansome Walk</p> <p>The Property Team is now established and there are multiple processes in place for the management of capital projects. A Project Management Team is also in place to provide strategic and corporate oversight however the Corporate Project Support Team is no longer in place since July 2020.</p>

Ref./ Priority	<u>Lesson Learnt</u>	<u>CLT Response and Action Plan</u>	<u>1st Follow up Position as at 29.09.2021</u>
		<p>involvement in all capital projects, an appropriate level of review at key stages and formal approval for progress to the next stage. These decisions will be documented through project and programme Boards, CLT decisions and Committee decisions, as required.</p>	<p>Reviews are undertaken and progress reporting is integral to the process. As stated, decisions taken through the various project and programme management groups and the appropriate leadership groups are documented and retained.</p> <p>In relation to the Council's project management process a Project Management Audit has been carried out in the 2nd Quarter of 2021/22 the results of which will be reported to the Audit and Governance Committee.</p>

Worcestershire Internal Audit Shared Service



Worcester City Museum and Art Gallery and Commandery 2019-20

2nd Follow-up Report - 3rd December 2021

Distribution:

To: Museums Manager

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Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 20/09/2019 with the first follow up report on 01/05/2020 and is being followed up again because:

- 2 medium priority recommendations were still outstanding: and
- At least three months have passed since the previous follow-up:

Please note that recommendation implemented from the previous follow up have not been included in this report

The following audit approach has therefore been applied:

2. The 2 medium priority recommendations still outstanding from the first follow up have been updated with the current position.
3. Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave Moderate Assurance over the control environment (Please see Appendix A) and this is the second follow-up. The first follow up report found that 1 high priority recommendation had been implemented and is therefore not included in this report and 2 medium priority recommendations had been partially implemented.

Internal Audit are satisfied that the management actions have been considered and where appropriate, implemented.

However, as a corporate issue, while it is acknowledged the visitors register has been placed in more of a prominent location within the general office area of the Museum and Art Gallery, it is not always completed with the time out when a visitor leaves. By not completing this could mean that in an event such as a fire, we put an individual at risk looking for someone, that has already left the building. This also applies if we are using 'our space' to know which staff are in the building in the event of a fire drill. Staff leave the MAG throughout the day to attend meeting's, lunch breaks, work activity outside the MAG or leave early for the day. The exit from the building is not recorded and may look on 'our space' as still in the building.

A mandatory training course on counter terrorism 'ACT' is due to be rolled out to all staff in December 2021.

This follow up was undertaken during the month of October and November 2021

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 09/03/2020</u>	<u>2nd Follow up Position as at 19th October 2021</u>
<p>1 Medium</p>	<p>Ensure there is an appropriate procedure in place which staff are familiar with for unaccompanied items and staff remain vigilant at all times. Liaise with People Services to ensure front line and office staff receive the appropriate terrorism training.</p> <p>Record where spare keys are held and regularly monitor their existence and consider the best and most appropriate access/exit requirements as part of the planned foyer changes.</p>	<p>Responsible Manager: Senior Curator</p> <p>Action: Ensure front line team have completed terrorism training</p> <p>Review, complete and issue unattended items procedure</p> <p>Complete and issue instructions for new swipe card system on front door and set up on learning lounge</p> <p>Implementation date: 30/9/19</p> <p>Responsible Manager: Museums Manager</p> <p>Action: Review access procedures during foyer project</p> <p>Implementation date:</p>	<p>Partially Implemented</p> <p>Front line staff that work within the Museum and Art Gallery and the Commandery have been allocated the Run, Tell, Hide Training on the Learning Lounge. Not all staff have yet completed this training. The training can be accessed by other staff if required.</p> <p>There is now a procedure for lost items and unattended items which is also available on the learning lounge.</p> <p>The foyer refurbishment project is still in progress and a communication was sent to staff on the 9th January 2020 advising to continue to use the Taylors Lane entrance. Once the foyer shop is in place, instructions on the use of the swipe card system will be communicated to staff.</p>	<p>Implemented</p> <p>Staff have now completed the Run, Tell, Hide training on the learning lounge.</p> <p>Currently staff are asked to use the entrance on Taylors Lane. This may change once more staff are in the office and a communication will be issued.</p> <p>There has been an overhaul of the CCTV cameras with new cameras installed in Taylor Lane.</p>

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 09/03/2020	2nd Follow up Position as at 19 th October 2021
	<p>Liaise with Property Services and the Facility Team to ensure the Art Gallery & Museum maintain a fit for purpose access procedure to track visitors when entering, moving around and exiting the building.</p> <p>Risk assess areas within the Museum & Art Gallery most at risk from potential theft. Consider the appropriateness of the CCTV images to ensure they are fit for purpose.</p>	<p>28/2/20</p> <p>Responsible Manager: Head of Property Services</p> <p>Action: Review current CCTV system and include replacement in capital planning</p> <p>Implementation date: 31/12/19</p> <p>Responsible Manager: Facilities Team Leader</p> <p>Action: Ensure team have been issued with front door instructions</p> <p>Review and implement new signing in procedure in city offices</p> <p>Implementation date: 30/9/19</p>	<p>The Current CCTV is operational.</p> <p>There is an item in the Capital programme for this coming financial year, but this has been designated as a revenue cost. Therefore, any cost will come out of Properties general Repairs & Maintenance budget. It has not been progressed yet as revenue projects will need to be considered on a priority basis and undertaken throughout the year as budget allows.</p> <p>The signing in procedure has been moved to a different, more visible location within the MAG. While the log is being completed more fully there are still occasions when visitors have not been signed out.</p>	

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 09/03/2020</u>	<u>2nd Follow up Position as at 19th October 2021</u>
2 Medium	<p>Review the Commandery contract joint agreement document with legal and make any necessary changes as a result of the transfer of the service from County Council to Worcester City Council.</p> <p>Establish a procedure to ensure the timely and correct amount is invoiced as per the Agreement which is reconciled monthly and yearly against annual accounts.</p>	<p>Responsible Manager: Deputy Director (Governance)</p> <p>Action: Review and update contract alongside Joint Museums Agreement</p> <p>Implementation date: 30/10/19</p> <p>Responsible Manager: Museums Manager</p> <p>Action: Establish invoice procedure</p> <p>Implementation date: 31/12/19</p>	<p>Partially Implemented</p> <p>The review of the contract is still to be carried out. However, the money owed from the cafe at the Commandery and Balcony Café at the Museum and Art Gallery is being monitored by the Museum Finance Assistant and being paid to Worcester City Council quarterly.</p> <p>The Museum Finance Assistant is responsible for monitoring and invoicing the café's at the Commandery and Museum and Art Gallery. Internal Audit have recommended that any handwritten amendments made by the café owner on the till receipts need to be signed by the café owner advising of the reason for the change to the amount which will provide a clear audit trail should the amount be disputed in the future.</p>	<p>Implemented</p> <p>The Licence Agreement for the Commandery café (Trading as Commandery Coffee) has been reviewed and implemented from the 1st October 2021.</p> <p>The Balcony Café is not currently let.</p> <p>An invoice procedure has been put in place.</p>

Appendix 5 Quality Assurance Improvement Plan.

Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position (Quarterly)
1	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Ongoing	December 2021: Auditor enrolled with IIA and continuing training to obtain further professional qualifications. Progressing. On target.
2	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-22	Ongoing	December 2021: Being monitored Progressing. On target.
3	2500.A1 - Follow Up	More efficient and timely follow up regarding reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Mar-22	Ongoing	December 2021: Included in Auditors work plan for the year. Being monitored and tracked and discussed at 1:2:1s Progressing. On target.

