

Bury MBC – High Level Review of Internal Audit
ACTION PLAN

		Response	Deadline	Responsibility	Progress as at 30.9.20
1.	<p>Internal Audit should use the additional time afforded by the delay in the production of the Internal Audit Plan for 2020/21 to effectively engage with those charged with governance and the wider Council to raise awareness of:</p> <ul style="list-style-type: none"> • The statutory role of Internal Audit • The ability of audit to deliver consultancy within the organisation <p>Identify opportunities to impact the overall control framework/governance within the Council.</p>	<p>Work was commenced to address this point. Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit started to attend the Departmental Management Team meetings to engage with the team, raise awareness of Internal Audit and gather information for the 2020/21 Audit Plan.</p> <p>COVID 19 has impacted with new working arrangements being set up, majority of staff now required to work from home.</p> <p>This issue needs to be progressed as new working arrangements embed.</p>	Ongoing – with a view to be fully implemented 31/3/2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	Ongoing
2.	Review the role of the head of Internal Audit in the context of wider governance and the potential restrictions that the current arrangements may have on the	The role of Head of Internal Audit is currently under review as part of the Finance Department Restructure.	TBC	S151 Officer and Temporary Deputy Chief Finance Officer	Role currently being reviewed as part of Finance Department re-

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	ability of the team to impact, positively, wider control.				structure exercise.
3.	Develop a risk-based methodology to ensure and evidence that the Audit Plan is evidentially risk-based and delivering the right audits to deliver maximum contribution to overall control.	<p>The 2020/21 plan is partially based on the organisation's risks. The exercise proved difficult as risk registers for the organisation were found to be lacking in detail.</p> <p>The methodology for developing the audit plan is constantly under review and progress is being made to ensure the three line of defence model is introduced in the organisation and future Internal Audit Plans.</p>		Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	
4.	Review the structure/available resources for Internal Audit in context of the delivery of a risk-based Plan for 2020/21. In other words determine on a risk basis the audits that the organisation needs and then review available resources against this requirement	The Structure of Internal Audit is currently under review as part of the restructure exercise across the Finance Department.	TBC	S151 Officer and Temporary Deputy Chief Finance Officer	Internal Audit Team Structure is currently under review. Audit plan developed and approved by Audit

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					Committee using resources currently available.
5.	To support the development of a risk-based Internal Audit Plan, undertake a detailed and evidence-based assurance mapping exercise to ensure that the right level of resource is applied to the areas of most significant risk.	An allocation of time has been included in the 2020/21 annual audit plan to commence an assurance mapping exercise across the Council.	31.3.2021	Acting Head of Internal Audit	
6.	Develop a process of quality assurance, review and training that enables a rigorous challenge of findings, assumptions and recommendations to ensure that all audits deliver maximum impact for the wider Council.	Agreed.	31.3.2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	Interim Director of Transformation undertakes a final review of draft reports before they are issued to the client.
7.	In developing the 2020/21 Plan for May this year, consider an appropriate allocation of days for consultancy activity to support the Council's achievement of its wider	The annual plan for 2020/21 includes a provision for consultancy. An allocation of 20 days has been provided.	Actioned	Acting Head of Internal Audit	

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	corporate objectives.				
8.	Review the structure, narrative and impact of Audit reports including the requirement/desire to include all low-level recommendations as formal recommendations.	The audit report format has been reviewed and changed. The narrative associated with recommendations has been changed, (Fundamental, Significant and Merits Attention) and it is proposed that only fundamental and significant recommendations are followed up to ensure that these have been implemented.	Actioned	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	
9.	<p>The Internal Audit service has a commercial, contractual arrangement with two Council owned companies. In delivering this service, the team need to consider its own commerciality. It needs to be clear on cost per unit, cost per day, delivery within budget and cost/process for the commissioning of additional days.</p> <p>It should ensure that value for money is demonstrable on behalf of the companies and there should be</p>	Agreed. The current arrangements will be reviewed.	31.3.2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	SLA Agreement is currently being reviewed.

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	clear separation between the contracted work from the companies and the need to deliver assurance on behalf of the client, the Council.				
10.	In reviewing its key performance indicators, it is suggested that the following indicators should be retained or developed as part of this review: • Elapsed time – this is start and finish time of the audit assignment overall and reflects the value of an audit being completed within an appropriate timescale. • Implementation of recommendations – although the implementation of recommendations is not the responsibility of Internal Audit, this measure is more reflective of the impact of Internal Audit on the control environment, the quality of its recommendations and highlights where managers have failed to implement. It also links into our suggestion of the review of the	<p>The information for KPI's as recommended is currently collated within the Audit Section and KPI's have been regularly reported to Audit Committee, although it is acknowledged that the targets for the KPI's have not been reviewed for a number of years and it is an areas to be reviewed.</p> <p>KPI's, and the targets set will be reviewed and compared to those collected by other Council's in the Greater Manchester region. If necessary the PI's calculated will be changed to reflect the current approach in other</p>	31.3.2021	Acting Head of Internal Audit	Contact made with other GM Authorities to request details of PI's provided to Audit Committee. Results to be analysed and compared to Bury Council PI's and proposal of revised PI's to be put forward via S151 Officer and Chair of Audit Committee.

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	'follow up' of recommendations • Plan delivery – a measure of progress that enables regular discussion about factors such as resourcing that impact on the delivery of Plan • Delivery within planned days – a measure that highlights the ability to plan and deliver the time allocation for audits appropriately • Draft to Final Report turnaround – again not all in the gift of Internal Audit but a useful measure to highlight where any 'sign-off' blocks exist and that the Final report is the key audit 'product'.	Council's.			
11.	Ensure that the Head of Internal Audit is supported to provide a true and fair annual report and opinion that is supported by clear actions and accountability.	An annual report for 2019/20 has been produced by the Audit Manager and this was reviewed and supported by the Temporary Deputy Director of Finance and the Director of Finance (S151) officer.	Complete for 2019/20, however acknowledge continually review for the 2020/21 audit year.	S151 Officer and Temporary Deputy Chief Finance Officer	
12.	Review the 2016 review action plan to ensure that actions have been completed.	The 2016 action plan will be reviewed to identify recommendations made and	31.10.20	Acting Head of Internal Audit	Currently reviewing the 2016 action

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	Commence preparations for the 2021 review by completing the Local Government Application Note self-assessment.	any resulting action taken. The self -assessment against the LGAN and PSIAS will be undertaken.	26.2.2021		plan.
13.	Consider the development of an officer/Member governance awareness and development programme to ensure that mutual roles and responsibilities are understood and delivered in a way that supports the wider governance framework.	Recommendation agreed	31.3.2021	Temporary Deputy Chief Finance Officer and Acting Head of Internal Audit	
14.	In order to inform the annual appraisal of the Chief Audit Executive a formal process should be established to obtain appropriate feedback from the Audit Committee Chair.	Recommendation agreed	31.3.2021	S151 Officer and Temporary Deputy Chief Finance Officer	