

APPENDIX B - Worcestershire Internal Audit Shared Service Improvement Plan

<u>REF</u>	<u>ACTION</u>	<u>TARGET DATE</u>	<u>COMMENTS</u>
RESOURCES			
1	Update the Internal Audit Charter to include: <ul style="list-style-type: none"> a statement that the continuous development of internal audit plans is aligned with the provision of an annual opinion reflecting the changing risk environment in which each client operates, and where independent assurance from internal audit is designed to support the Annual Governance Statement. A statement setting out how internal audit's annual governance opinion is derived. 	31/03/2025	
2	Introduce a formal Quality Assurance and Improvement Policy. Include a more detailed statement in the Head of Internal Audit Annual Report in which: <ul style="list-style-type: none"> Confirms that all measures contained in the process have been completed, and States how any significant deviations or development needs will be resolved. 	30/09/2024 31/07/2025	Policy being submitted for member approval in September 2024. To be included in the next HOIA Annual Report.
3	Consider introducing a limited set of formal KPI's based on quantitative and qualitative data to support the QAIP process.	Completed	KPIs have been developed for 2024/25 and are included in the new Quality Assurance and Improvement Policy. The results will be included in the next HOIA Annual Report.
4	Complete the auditor skills audit and agree revised development plans, taking into account client needs and future expectations.	31/12/2024	The Institute of Internal Auditors Skills Matrix will be used. The Worcester City Council Learning Plan function will be utilised.
COMPETENCY			

REF	ACTION	TARGET DATE	COMMENTS
1	Develop an internal audit 'universe' (long list of potential areas for review) for each partner organisation, aligned with risk registers.	31/03/2025	This will be completed and utilised in development of internal audit plans for 2025/26.
2	Map internal audit activity with the Code of Corporate Governance.	31/03/2025	This will be completed and utilised in development of internal audit plans for 2025/26.
3	Document the sources of assurance available to internal audit within each engagement as part of routine processes. Use the accumulated knowledge gained to support the Annual Assurance opinion in the Head of Internal Audit's Annual Report	Completed 31/07/2025	This is reflected in the standard work programme template. To be incorporated within the next annual HOIA report.
4	Review the terminology used within templates to reflect Management's Objectives within the area for review. Refine the risks on the Audit Brief to reflect those of a significant nature which will then become the focus for assurance.	31/12/2024	The terminology is covered on the standard templates. The Audit Briefs will be amended to highlight those which are most significant, so that they become the focus for assurance work.
5	Ensure that identification of fraud risks is comprehensive and is aligned with client risk appetite regarding its significance along with all other risks. Ensure that audit reports include commentary on the fraud risks evaluated.	31/12/2024	This action relies upon clients articulating their risk appetite. Going forward, internal audit reports will include an evaluation of the fraud risks identified.
6	Consider the degree to which reported compliance with the CIPFA Code of Financial Management can be relied upon for assurance purposes. Allocate resources to review areas of significant risk exposure where additional independent assurance is required.	31/03/2025	This will be completed and utilised in development of internal audit plans for 2025/26.
7	Where possible and practicable, ensure that the assessment of 'Control Risk' in relation to the achievement of Management Objectives focuses reviews upon:	31/12/2024	Internal documentation and assessments will be updated to accommodate this.

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	<ul style="list-style-type: none"> • Those risks where the assessment is that the combined impact/likelihood score has decreased most and where if assumptions are incorrect critical business risk exposure may exist. • Risks where the value of 'Control Risk' is limited or zero and as a result suggesting the controls may be insufficient or ineffective. • Key Controls (rather than a wider view of all controls which may have little impact on risk reduction or the achievement of business objectives). 		
8	Align the grading of internal audit recommendations with those impact definitions used within the client risk management process.	30/11/2024	The standard documentation will be updated to reflect this.
DELIVERY			
1	<p>On completion of current recruitment, organise appropriate training to:</p> <p>a) Induct new staff</p> <p>b) Ensure a consistent approach by all staff to all client engagements, and</p> <p>c) Demonstrate consistent application of the approved practices within annual self-assessment and QAIP processes.</p>	<p>Completed</p> <p>Completed</p> <p>31/07/2025</p>	<p>Recruitment to the Senior Auditor posts has been completed. This is enhancing the level of on the job support and supervision of staff.</p> <p>An induction plan has been developed for new staff.</p> <p>Arrangements in place and ongoing.</p> <p>To be completed and incorporated within the next annual HOIA report.</p>
2	Add further clarification in the HOIA Annual Report as to how in practice the opinion on the organisation's risk management arrangements is derived.	Completed	This was incorporated within the HOIA Annual Reports for 2024/25.

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3	<p>Consider:</p> <ul style="list-style-type: none"> Including planned dates in the Annual Internal Audit Plan regarding the date at which the final report outcomes will be presented to the Audit and Governance Committee. Inclusion of recommendations graded as 'High' in risk registers as soon as these are observed. Recording of issues related to delayed management responses to audit reports within progress updates to the Audit and Governance Committee. 	<p>Completed</p> <p>31/10/2024</p> <p>Ongoing</p>	<p>This has been incorporated for 2024/25.</p> <p>This links with Action 8 under 'Competency' above. Responsibility for updating and maintaining risk registers lies with clients. Where 'High risk' graded recommendations are made, it will be emphasised to management that the relevant risk register should be updated.</p> <p>Provision already exists and the Head of Internal Audit will consider doing this where appropriate to the circumstances.</p>
4	Expand the annual HOIA report and opinion to incorporate much broader knowledge of the client, gained through previous years programmes and that gained within and provided for within the internal planning cycle, including discussions with management and reference to risk management processes.	31/07/2025	To be completed and incorporated within the next annual HOIA report.
SUGGESTED ENHANCEMENTS			
1	Issue of the customer satisfaction survey to the relevant client manager following and engagement with the draft report, rather than after issuing the final report.	30/09/2024	This will be communicated to the team.
	Support the feedback gained with an annual survey to Senior Client Managers.	30/04/2025	

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			To be issued at the end of the current financial year. The results will be analysed and incorporated within the next annual HOIA report.
2	In relation to the performance development of the Head of Internal Audit, consider incorporating more formal input from key client officers and Audit Committee Chairs.	31/10/2024	To be discussed at the next meeting of the Shared Service Client Officer Group in October 2024.
3	Consider the need to include appropriate confidentiality and limitation of liability clauses in all reports which are or may be shared with clients, Audit Committees and third parties directly or indirectly.	31/10/2024	The standard documentation will be updated to reflect this.
4	Consider how future internal audit activity may demonstrate appropriate consideration of other stakeholder expectations: <ul style="list-style-type: none"> • In devising internal audit plans. • When identifying Management Objectives in future audits. 	31/03/2025	This will be considered in advance of the new Global Standards going live in April 2025.